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**BEFORE THE
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

DEPT. OF TRANSPORTATION
DOCKETS

2003 DEC 24 P 12:27

Application of

**PSA AIRLINES, INC., d/b/a
US AIRWAYS EXPRESS**

for a certificate of public convenience
and necessity pursuant to 49 U.S.C. § 41102
(interstate scheduled air transportation)

Docket OST-2003- 16812-1

**APPLICATION OF
PSA AIRLINES, INC. d/b/a US AIRWAYS EXPRESS**

Communications with respect to this document should be addressed to:

Richard E. Pfennig
President
George G. Cannady
Director of Operations
PSA Airlines, Inc.
3400 Terminal Dr.
Vandalia, OH 45377

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Executive V.P. Corporate Affairs
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Associate General Counsel
US Airways, Inc.
2345 Crystal Drive
Arlington, VA 22227

Counsel for PSA Airlines, Inc.

December 24, 2003

NOTE: Any person may file an answer to this application in the above-referenced docket. Answers are due not later than January 14, 2004.

**BEFORE THE
DEPARTMENT OF TRANSPORTATION
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Application of

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Docket OST-2003-

**APPLICATION OF
PSA AIRLINES, INC. d/b/a US AIRWAYS EXPRESS**

PSA Airlines, Inc., ("PSA") a commuter air carrier based in Vandalia, Ohio, respectfully submits this application for a Certificate of Public Convenience and Necessity authorizing it to engage in interstate scheduled air transportation of persons, property and mail with large aircraft, pursuant to 49 U.S.C. § 41102, Subpart B of the Department's Procedural Regulations (14 CFR Part 302, Subpart B) and Section 204.3 of the Department's Economic Regulations (14 CFR § 204.3).

Background

PSA is a wholly owned subsidiary of US Airways, the nation's seventh-largest air carrier, and operates 26 D-328 and six Canadair regional jets under the trade name of US Airways Express. It holds an Air Carrier Certificate from the Federal Aviation Administration under 14 CFR Part 121, and is registered as an air taxi under 14 CFR Part 298.

In operation since 1980, PSA has been very successful as a regional feeder carrier operating throughout the Eastern and Midwestern United States. It now boasts a workforce of 1700 employees, and serves 35 communities on a scheduled basis. Until last month, it operated exclusively a fleet of 32-seat Dornier-328 turboprop aircraft. It recently obtained FAA approval to operate 50-seat Canadair-200 regional jets, however, and began taking delivery of these aircraft in late October. PSA is also slated to receive larger 70-seat Canadair-701 regional jets to be put into use in early 2004. As these aircraft exceed 60-seat capacity, the Department's rules require PSA to obtain a Certificate of Public Convenience and Necessity. It is PSA's plan to phase out the smaller turboprop aircraft as it takes delivery of the CRJs, so that by the end of next year, it will operate a fleet entirely composed of regional jets.

PSA is a citizen of the United States within the meaning of the Statute, and is fit, willing and able to operate the proposed air transportation services in a safe and compliant manner. Its owner and key management personnel are all highly experienced in aviation management and operations, and the company's own operations as a commuter carrier testify to its ability to operate safely and successfully.

As part of the US Airways Group, PSA emerged from Chapter 11 Bankruptcy protection on March 31, 2003. The certification requested in this application is necessary to fulfill the Plan of Reorganization under which the Bankruptcy Court approved the Group's discharge from bankruptcy protection. It is also needed to achieve the goals set forth in the agreement under which US

Airways obtained a \$900 million loan guarantee from the Air Transportation Stabilization Board (ATSB).

In support of this request, PSA submits the following:

Information Required by 14 CFR § 204.3

1. Name and address: (§ 204.3(a))

PSA Airlines, Inc.
3400 Terminal Drive
Vandalia, Ohio 45377

Tel.: (937) 454-1116
Fax: (937) 898-3829

2. Form and State of Organization: (§ 204.3(b)-(d))

PSA is incorporated in the State of Pennsylvania. It was incorporated on July 19, 1980.¹ A Certificate of Good Standing is attached as Exhibit PSA-1.

3. Citizenship: (§ 204.3(e))

The stock of PSA is wholly-owned by US Airways Group, Inc.² US Airways has been previously determined by the Department to be a U.S. citizen, within the meaning of the Act. The stock of US Airways Group currently trades on the NASDAQ exchange, and to the best of US Airways' knowledge and belief, at least 75 percent of its voting shares are held by U.S. citizens. An affidavit of citizenship for PSA is attached as Exhibit PSA-2.

4. Key Personnel: (§ 204.3(f))

¹ PSA was originally incorporated as Vee Neal Airlines. After changing its name to Jetstream International Airlines, it became PSA Airlines in 1995.

² PSA requests that the Department incorporate by reference all information and materials about US Airways that may be relevant to a determination of PSA's fitness and citizenship.

The management of PSA has extensive experience in aviation and airline operations. The current key personnel, who will continue to serve in these capacities after certification, are as follows:

President and CEO:

Richard E. Pfennig

2709 Pine Valley Ct.
Dayton, OH 45414

Vice President, Operations:

Timothy G. Keuscher

7460 Larissa Ct.
Dayton, OH 45414

Vice President, Maintenance:

Kevin J. Reinhalter

840 Alkaline Springs Rd.
Vandalia, OH 45377

Manager, Finance & Administration

Mary C. Bowman

1686 Laurel Creek Dr.
Troy, OH 45373

Director of Safety:

Bradley P. Elstad

608 Amor Place
Vandalia, OH 45377

Director of Operations:

George G. Cannady

1728 N. Spruce St.
Little Rock, AR 72207

Director of Maintenance:

Karl Hanisch

1395 Croydon Rd.
Troy, OH 45373

Director of Quality Assurance:

Gregory G. Scoumis

35 N. Cherrywood Ave.
Dayton, OH 45403

Chief Pilot:

Thomas E. Arline

941 Wildacre Way
Knoxville, TN 37920

All individuals named above are citizens of the United States. Copies of their resumes are attached as Exhibit PSA-3. None of these persons own any shares of PSA or of any other aeronautical enterprise.

Each of the technical personnel listed above (Directors of Operations and Maintenance and Chief Pilot) meet all required qualifications as mandated in 14 CFR § 119.65 and .67.

An organizational chart, showing the relationship of the various personnel and operating departments of the company, is attached as Exhibit PSA-4.

5. Subsidiaries and Related Companies: (§ 204.3(h) and (i))

PSA has no subsidiaries and owns no interest in any other companies.

6. Financial Statements of Relevant Corporations: (§ 204.3(j))

PSA is submitting the SEC Form 10-K filings for US Airways Group, Inc. for the past three calendar years, together with the SEC Form 10-Q filings for the third quarter of 2003 (Exhibits PSA-5-8). These reports contain detailed information about the parent company and its financial status. PSA will be glad to provide any further information that the Department may require.

7. Financial Statements of Applicant: (§ 204.3 (k))

PSA's unaudited balance sheets and profit & loss statements for calendar years 2000-2002, and for 2003 through September 30, are contained at Exhibit PSA-9. In brief, these statements show that the carrier is in relatively healthy financial condition. Its most recent balance sheet shows a positive working capital of \$8 million. For the first nine months of 2003, it reported more favorable results than any of the past three years. While operating losses continued, they

were substantially smaller than previous years, and PSA reported a net income (first nine months) of \$11 million.

In examining these statements, it should be kept in mind that as an operating subsidiary of US Airways, PSA's revenues are not received directly from passenger ticket sales, since all tickets are sold by US Airways. Rather, PSA receives a fixed amount per Available Seat Mile, established to cover operating expenses on a break-even basis.

8. Actions and Outstanding Judgments: (§ 204.3(l and m))

There are no actions or outstanding judgments pending against PSA. Current information on actions and outstanding judgments against US Airways is contained in Part II, Item 1 of the Form 10Q for US Airways Group, Inc. for the third quarter of 2003, found at Exhibits PSA-8.

8. Current Aircraft Fleet: (§ 204.3(n))

PSA currently operates 26 Dornier-328 turboprop aircraft, and has taken delivery of seven CRJ-200 jet aircraft (six of which are now in operation). More detailed information on these aircraft is contained in Exhibit PSA-10. All PSA's aircraft are compliant with Stage III of the FAA aircraft noise standards. A sworn affidavit of the FAA certification and compliance of these aircraft is contained in Exhibit PSA-11.

The carrier has plans to acquire 42 additional CRJ-200s and 20 70-seat CRJ-701s during 2004. A more detailed discussion of the carrier's overall fleet plan is provided at Exhibit PSA-10.

9. Investigations, Enforcement Actions and Complaints: (§ 204.3(o))

There are several Letters of Investigation (LOIs) involving PSA currently pending at the FAA and TSA. A summary of these allegations and their status is attached at Exhibit PSA-12. There are no civil penalty or certificate actions pending. No investigations, enforcement actions or complaints against PSA are pending before the Office of the Secretary.

10. Charges of Fraud, Deception, etc.: (§ 204.3(p))

No charges of unfair or deceptive or anticompetitive business practices or of fraud, felony or antitrust violation have ever been brought against PSA Airlines, any relevant corporation, any key person employed by them, or any person having a substantial interest in them. US Airways has been party to antitrust actions in the past, but has none currently pending. An antitrust consent decree with the U.S. Department of Justice expired on October 31, 2003.

11. Aircraft Accidents or Incidents: (§ 204.3(q))

PSA has experienced no accidents or incidents in the past year, nor are there any from previous years that are still under investigation by the FAA or NTSB.

12. Narrative History of Operations: (§ 204.3(r))

PSA, under various other names, has been in operation since 1980. Its operating history is contained at Exhibit PSA-13.

13. Description of Federal, State and Local Authority: (§204.3(s))

PSA operates under an Air Carrier Certificate issued by the FAA under FAR Part 121 authorizing common carriage (Certificate No. VNAA111A). PSA is

registered with the Department as an air taxi under Part 298 of the Department's rules. The carrier also holds a Canadian Foreign Air Operator Certificate, number F-4379, issued in October 1996, authorizing transborder scheduled and charter operations as US Airways Express. These certificates and the most current Part 298 registration are attached as Exhibit PSA-14. PSA holds no other authority.

PSA's Air Carrier Certificate is held by the Cincinnati Flight Standards District Office, at 4240 Airport Rd., Cincinnati, OH 45223, telephone (513) 979-6400. Its Principal Operations Inspector is Ellen M. Tom, and its Principal Maintenance Inspector is Jerald E. Womick.

14. Description of Proposed Operations: (§ 204.3(u))

PSA intends to continue to operate its core business, which has been to provide common carriage of passengers and cargo as a code-share partner of US Airways operating as US Airways Express. It will continue to operate scheduled passenger services to communities in the Eastern and Midwestern United States, with a base of operations at Dayton, and will feed passengers from 35 communities into US Airways hubs at Charlotte, Philadelphia and Pittsburgh, as well as Washington National and LaGuardia.

PSA's expanded fleet, including the larger regional jets it will begin operating early next year, will enable it to expand its route network into denser markets, in some cases taking over routes from the parent carrier, which can then deploy its larger aircraft to other markets. As other regional carriers deploy

larger regional jets, the CRJ-701s will also enable PSA to remain competitive in regional markets.

15. Forecast Financial Results of Operations and Financial Fitness Test: (§ 204.3(u))

Exhibit PSA-15 contains the carrier's projected financial statements for the first full year of certificated operations. Since most of the carrier's operations in the coming year will be conducted with aircraft below 60 seats (which therefore do not require Department certification), the projections identify the incremental difference that will be accounted for by the CRJ-701 operations. Exhibit PSA-16 lays out a summary of PSA's "startup" expenses (*i.e.* the modest expenses associated with preparations for introduction of the CRJ-701s into operation), sources of funding, and how it will meet the three-month financial fitness test.

These financial statements and analyses demonstrate that PSA will remain profitable after it obtains a certificate, and is fit, willing and able to provide the proposed services without risk to the public.

16. Warsaw Waiver Agreements (§ 204.3(u))

A signed counterpart of Agreement 18900 (OST Form 4523) is included as Exhibit PSA-17.

17. Family Assistance Plan (49 U.S.C. § 41113) and Passenger Manifest Plan (Part 243)

PSA is covered by the US Airways Family Assistance Plan, which applies to all carriers operating as US Airways Express. This Plan is already on file with the Department and the NTSB. A copy is provided in Exhibit PSA-18, for the

Department's convenience. The primary contact person at PSA for family support purposes is Catherine Quinn, at (412) 472-2412.

Similarly, PSA is covered by US Airways' Passenger Manifest Plan. Since ticketing and boarding functions are handled by US Airways personnel, PSA has no need to create a separate plan and procedures.

18. FAA Certification Status

PSA is already well along in the process of obtaining FAA approval for introduction of the CRJ-701 into its fleet. It is working closely and cooperatively with the Cincinnati Flight Standards District Office, and expects to complete that process very shortly. Taking into account the carrier's carefully orchestrated schedule of training and infrastructure change required to accommodate the new aircraft, PSA will be prepared to inaugurate operations with these aircraft by late March, 2003.

19. Certification (§ 204.3(v))

The required certification, signed by PSA's President and CEO, is included as Exhibit PSA-19.

20. Conclusion

As the above information and attached exhibit materials demonstrate, PSA is legally and operationally well qualified to receive certification by the Department to operate interstate air transportation with large aircraft on behalf of US Airways.

WHEREFORE, PSA Airlines, Inc. requests that the Department issue it a Certificate of Public Convenience and Necessity to operate interstate

scheduled air transportation of persons, property and mail, and such other relief as the Department may deem necessary.

Respectfully submitted,



Elizabeth K. Lanier
Executive V.P. Corporate Affairs
and General Counsel
Howard Kass
Associate General Counsel
US Airways, Inc.
2345 Crystal Drive
Arlington, VA 22227

Counsel for PSA Airlines, Inc.

Richard E. Pfennig
President
George G. Cannady
Director of Operations
PSA Airlines, Inc.
3400 Terminal Dr.
Vandalia, OH 45377

Dated: December 24, 2003

PSA AIRLINES, INC.
TABLE OF EXHIBITS

<u>Exhibit No.</u>	<u>Title</u>
PSA-1	Certificate of Incorporation
PSA-2	Affidavit of Citizenship
PSA-3	Key Personnel
PSA-4	Organizational Charts
PSA-5-7	US Airways Group, Inc. SEC Form 10-K (calendar years 2000-2002)
PSA-8	US Airways Group, Inc. SEC Form 10-Q (3 rd Quarter 2003)
PSA-9	PSA Airlines, Inc. Financial Statements (calendar years 2000-2002, and as of September 30, 2003)
PSA-10	Current and Planned Fleet Information
PSA-11	Affidavit of Compliance
PSA-12	Investigations, Enforcement Actions and Complaints
PSA-13	The History of PSA Airlines, Inc.
PSA-14	Certificate Authority and Part 298 Registration
PSA-15	Forecast Income Statement and Balance Sheet
PSA-16	Summary of Startup Expense and Financing
PSA-17	Warsaw Waiver Agreement
PSA-18	US Airways Family Assistance Plan
PSA-19	Certification

EXHIBIT PSA-1

PSA AIRLINES, INC.

Certificate of Incorporation

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE

December 08, 2003

TO ALL WHOM THESE PRESENTS SHALL COME , GREETING :

I DO HEREBY CERTIFY THAT,

PSA AIRLINES, INC.

is duly incorporated under the laws of the Commonwealth of Pennsylvania and remains subsisting so far as the records of this office show , as of the date herein .



IN TESTIMONY WHEREOF , I
have hereunto set my hand and
caused the Seal of the
Secretary's Office to be affixed,
the day and year above written.

Pertho C. Contes

Secretary of the Commonwealth

EXHIBIT PSA-2

PSA AIRLINES, INC.

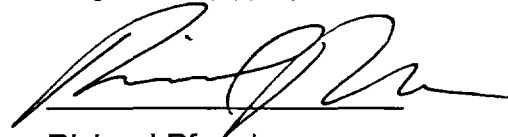
Affidavit of Citizenship

AFFIDAVIT OF CITIZENSHIP


STATE OF OHIO)
COUNTY OF MONTGOMERY) ss:

Richard Pfennig, being first duly sworn, deposes and says:

1. I am President and Chief Executive Officer of PSA Airlines, Inc., and am authorized to make this statement on the Company's behalf.
2. I hereby swear, under penalty of perjury, that PSA Airlines, Inc., is a citizen of the United States within the meaning of 49 U.S.C. § 40102(a)(15).


Richard Pfennig
President & CEO

Subscribed and sworn before me this 5th day of December, 2003.


Notary Public

MARY C. BOWMAN, Notary Public
In and for the State of Ohio
My Commission Expires July 29, 2007

PSA AIRLINES, INC.

Key Personnel

PSA AIRLINES, INC.
KEY PERSONNEL

<u>Name</u>	<u>Position</u>	<u>Citizenship</u>
Richard E. Pfennig	President / CEO	U.S.
Timothy G. Keuscher	Vice President, Operations	U.S.
Kevin J. Reinhalter	Vice President, Maintenance	U.S.
Bradley P. Elstad	Director of Safety {119.65 (a) (I)}	U.S.
George G. Cannady	Director of Operations {119.65 (a) (2)}	U.S.
Thomas E. Arline	Chief Pilot {119.65 (a) (3)}	U.S.
Karl Hanisch	Director of Maintenance {119.65 (a) (4)}	U.S.
Gregory G. Scoumis	Director of Quality Assurance Chief Inspector {119.65 (a) (5)}	U.S.
James P. Harkema	Director of Operational Control	U.S.
Christine B. Dalena	Director of Inflight Services	U.S.
Mark J. Sparling	CRJ Project Manager Controller	U.S.
Mary C. Bowman	Manager, Finance & Administration	U.S.

The current resume of each of the Key Personnel is attached. Addresses are contained in the resumes.

2709 Pine Valley Court
Dayton, OH 45414

Home: 937-454-5845

Richard E. Pfennig

Experience

1992-Present

PSA Airlines, Inc.

Dayton, OH

President/CEO

- Responsible for all phases of airline operation. 1700 employees; transitioning from 30 D328 turboprop aircraft to 60 CRJ-200 regional jets.

1987-1992

Midway Commuter

President/CEO

- Wholly owned subsidiary of Midway Airlines, responsible for all phases of airline operation. 500 employees; 24 D228 aircraft, 7 EMB 120 aircraft.

1984-1987

Air Florida d/b/a Midway Express

President/General Manager

- Oversaw the Midway Airlines purchase of Air Florida assets. Restarted the airline in October 1984. Responsible for all phases of airline operation. 500 employees; 12 B737-200 aircraft.

1983-1992

Midway Airlines, Inc.

Vice President

- Various positions including Vice President of Sales & Service and Vice President of Flight Operations.

1963-1982

Continental Airlines

Senior Director – Reservations and Automated Marketing

- Held various management positions in virtually all areas of airline operations.

Education

1963

Southern Illinois University

Carbondale, IL

- BA Economics

7460 Larissa Ct.
Dayton, OH 45414

Home: 937-264-0218
Email: timkeuscher@psairlines.com

Timothy G. Keuscher

Experience

1989-Present

PSA Airlines, Inc.

Dayton, OH

Vice President of Operations

Administration

- Oversaw Maintenance department from August 2000 to December 2002
- In addition to Vice President of Operations, also served as Director of Operations for PSA from October 1989 until May 1993
- Established Maintenance training program which lead to the FAA National Diamond Award for 2002
- Negotiated current ALPA, AFA and IAM contracts
- Oversaw transition to Bornemann system for crew scheduling, dispatch, training and maintenance control
- Create and oversee \$54,000,000 annual operating budget
- Transitioned from Pacer to Saber based dispatch system
- Transitioned from IBM System 36 to PC network system for all company functions
- Transitioned from manual to computer crew pay system
- Created Team-on-Time Task Force

DO-328

- Transitioned entire fleet from (31) Bae-3101 and (12) EMB-120 to (25) DO-328 aircraft in 18 months
- Completed transition from 135 to 121 operating rules
- Created full 121 Dispatch system
- Created crew scheduling department
- Oversaw creation and FAA approval of cabin trainer for crew training
- Transitioned training back-in-house for DO-328

EMB-120

- Transitioned from Bae-3101 to EMB 120 cabin class aircraft
- Outsourced EMB-120 and Bae-3101 training to FlightSafety International (FSI)

Bae-3101

- Contracted with Bae to outsource training to 141 training school during period of high turnover
- Created 121 model dispatch for operational control
- Oversaw creation of crew pay system on IBM system 36

1986-1989 States West Airlines, Inc. Phoenix, AZ

Vice President/Director of Operations

- Placed 6 SD-360 aircraft in service on new 121 operating certificate.
- Added 6 Bae-3101 aircraft to operating certificate
- Transitioned from SD-360 and Bae-3101 aircraft to BE-1900 fleet

1984-1986 Short Brothers Aircraft Arlington, VA

Technical Instructor Pilot

- Provided ground and flight training to U.S. operators placing SD-360 and SD-330 aircraft into service
- Provided worldwide ferry pilot services for aircraft delivery
- Provided technical assistance for new operators placing aircraft into service

1983-1984 DashAir, Inc. Newport Beach, CA

Director of Operations

- Transitioned airline from 135 to 121 operating certificate
- Transitioned fleet from (4) PA-31 aircraft to (6) EMB-110 and (4) SD-360 aircraft

1976-1983 GoldenWest Airlines, Inc. Newport Beach, CA

Director of Training

- Responsible for training programs for DHC-6, DHC-7 and SD-330 Aircraft
- Check Airman DHC-6 and SD-330 aircraft
- Line Captain DHC-6 and SD-330 aircraft

1970-1976 Aviation Training Enterprises. Santa Monica, CA

Flight School Manager

- Managed 141 approved flight school
- Provided nationwide lectures on instrument flight procedures
- Chief pilot for 141 courses of instruction
- Instructor for Private Pilot through ATP certificates

Education

1976-1978 Pepperdine University Los Angeles, CA

- Masters in Business Administration

1973-1976 University of California Los Angeles, CA

- Masters in Business Administration

1970-1973 Santa Monica City College Santa Monica, CA

- Masters in Business Administration

1960-1965 Mount Angel Seminary Mount Angel, OR

- Catholic Seminary Student

840 Alkaline Springs Road
Vandalia, OH 45377

Home: 920-915-0889

Kevin J. Reinhalter

Experience

2002-Present	PSA Airlines, Inc.	Dayton, OH
Vice President		
• Vice President of Maintenance		
1980-2002	Air Wisconsin Airlines	Appleton, WI
President/CEO		
	• Vice President/Managing Director of Maintenance	1993-2002
	• Director of Technical Services	1992-1993
	• Director of Quality Assurance/Control	1989-1992
	• Various Management, Supervisory, and Technical Positions in Aircraft Maintenance and Operations	1980-1989
1978-1980	Air New England	Boston, MA
• Aircraft Maintenance and Operations		
1974-1978	Air Wisconsin Airlines	Appleton, WI
• Aircraft Maintenance and Operations		

Education

- FAA Airframe and Powerplant License
- FAA Pilot License

608 Amor Place
Vandalia, OH 45377

Home: 937-454-1680
Email: bradley_elstad@usairways.com

Bradley P. Elstad

Experience

1995-Present PSA Airlines, Inc. Dayton, OH
Director of Safety – 2000-Present
Part 121 – Dispatch Supervisor – 1996-2000
Dispatch Instructor – evaluator
Part 121 – Aircraft Dispatcher – 1995-1996

Education

2001 Embry-Riddle Aeronautical University
Master of Aeronautical Science with dual specialization;
 Aviation System Safety and Aviation Management

1995 Anoka-Hennepin Technical College
Aircraft Dispatcher Program

St. Cloud State University
Bachelor (BES) – Aviation Management

George G. Cannady

Experience

2003-Present

PSA Airlines, Inc.

Dayton, OH

Director of Operations

- Responsible for oversight of the day-to-day operations of a wholly owned subsidiary of US Airways operating as a US Airways Express Carrier in scheduled passenger service utilizing Dornier Do-328 and Bombardier CRJ aircraft.

1989-2003

Air First, Inc.

Little Rock, AR

Vice President/General Manager

- Responsible for managing the day-to-day business of a diversified Airline Management Consulting firm that offers specialized aviation related services to customers throughout the world. Represent clients engaged in Initial Certification by the FAA and DOT for Air Carrier Operations; provide guidance to Airlines seeking assistance with Regulatory Compliance or other Government issues; provide detailed assistance to companies experiencing financial or operational difficulties. Conduct all aspects of aircraft location and acquisition to meet customer requirements for short and long-term lease of Transport Category Aircraft; negotiate term/conditions of all aircraft acquisitions and leases.

Served in the following capacity in each of the AirFirst, Inc. family of companies listed below:

International Charter Xpress, Inc. – Vice President, Operations

- FAR part 121 Supplemental Air Carrier with DOT 401 Authority

Air Holdings, Inc. – Director of Operations

- FAR part 135 on Demand Air Taxi

EuroJet, Inc. – Vice President

- Aircraft Leasing Company engaged in sales and leasing of transport category aircraft

AirLantic, Inc. – Vice President

- Aircraft parts supplier for large transport category aircraft

1980-1989

Gulf Air, Inc.

New Iberia, LA

Vice President, Operations – 1985-1989

- Responsible for day-to-day operation of U.S. FAR part 121 Domestic / Flag Air Carrier conducting worldwide non-scheduled passenger operations utilizing DC-8 and B-727 aircraft; directed the activities of ground and flight operations personnel including crewmembers and training staff; coordinated the efforts of Operations, Maintenance, Sales, and Administrative department. Director of Operation under FAR 121.

Chief Pilot – 1981-1985

- Responsible for the selection, hiring, training, and administration of all flight crew personnel.

Director of Training – 1980-1981

- Responsible for the development of approved training programs in accordance with FAA directives and policies.

Education

- 1974 Embry-Riddle Aeronautical University
- Bachelor of Science Degree in Aeronautics – Minor in Management

941 Wildacre Way
Knoxville, TN 37920-7613

Home: 865-609-8045
Email: t_arline@hotmail.com

Thomas E. Arline, Jr.

Experience

2003-Present

PSA Airlines, Inc.

Dayton, OH

Chief Pilot

- Perform duties of Chief Pilot as outlined in company FOM and in accordance with the requirements of FAR 119.65 and 67.

1996-2003

PSA Airlines, Inc.

Dayton, OH

Pilot

- Perform duties as required as a captain on the Dornier 328; Primus 2000 Integrated Avionics Experience.

1995-1996

Business Express Airlines

Pease, NH

Pilot

- Perform duties as required as First Officer on the Saab 340 and Beech 1900.

1993-1994

AirCom Leasing

San Diego, CA

Pilot

- A unique, single pilot position utilizing a high performance single engine aircraft for the purpose of "on air" traffic watch services. Responsibilities also include: Scheduling of the aircraft, directing maintenance, and maintaining all related aircraft data and logbooks.

Education

1988

National University

San Diego, CA

- Master of Science with emphasis in High Technology

1987

National University

San Diego, CA

- Bachelor of Business Administration with emphasis in Aviation

Karl Hanisch

Experience

1988-Present

PSA Airlines, Inc.

Dayton, OH

Director of Maintenance – 2000-Present

- Responsible for the overall operation of the production unit of the maintenance department. Maintaining aircraft, ground equipment, and facilities as needed to meet airworthiness standards, operating schedules, appearance standards, and cost objectives.

Manager of Maintenance Control and Production Planning – 1996-2000

- Coordination of maintenance control and production planning. Coordination of all operational aircraft with on-line discrepancies and their timely return to service. Ensure that production planning monitors and schedules required aircraft daily to comply with all time controlled items. Responsible for work assignments, personnel administration and attendance of maintenance controllers and aircraft planners. Ensure that procedures and workloads are established and administered efficiently. Ensure that outstation maintenance personnel operate in compliance with approved maintenance policies and procedures. Interface with other departments within the company to resolve problems related to aircraft in-service operations. Direct policies and procedures necessary to ensure timely correction of aircraft problems and provide the necessary technical assistance to support the in-service operation. Manage the forecasting, planning, scheduling, routing and controlling of aircraft checks, engine changes, all time controlled components, AD's Service Bulletins, MO's FCD's, etc. Maintain the MEL and MMEL program. Provide budgetary recommendations.

Maintenance Controller – 1994-1996

- Coordination of the maintenance discrepancies and corrections of all operational aircraft, monitoring all mechanical problems on the line extending every effort to reduce and hold maintenance recovery time to the very minimum. Coordinating parts, manpower requirements and travel arrangements for field repairs. Monitoring field repairs and coordinating the return of work crews and parts to their home base. Ensuring outstation maintenance documentation and the outstation maintenance inspections are complied with. Monitor status of AOG parts. Coordinate equipment changes with Production Planning and Flight control. Maintain and monitor MEL list. Complete cancellation and delay reports. Authorize ferry flights.

Lead Technician and RII Inspector – 1989-1994

- Plan, direct, layout and coordinate the activities of the assigned maintenance department to minimize delays and increase production and efficiency. Maintain the work areas, buildings, ground support equipment and materials which are utilized for aircraft maintenance. Ascertain that all necessary work records are properly executed. Ascertain that all inspections are properly performed on all completed work before release of aircraft. Training and assisting subordinates in proper procedures, methods and practices. Initiate paperwork for scheduled maintenance.

Designated Inspector – 1989-1989

- Completion of all non RII aircraft and component inspections.

A & P Technician – 1988-1989

Education

- 1986-1988 Vincennes University Vincennes, IN
- Associate Degree of Applied Science, Airframe and Powerplant License

Gregory G. Scoumis

Experience

1987-Present PSA Airlines, Inc. Dayton, OH

Director of Quality Assurance – 1999-Present

- Currently responsible for the following departments:

Inspection Department
Maintenance Reliability
Technical Library
Technical Training

Chief Inspector – 1989-1999

- Supervision of all Company Authorized Aircraft Inspectors
- Planning and execution of all Aircraft Inspection Programs
- Maintaining and tracking for the M.E.L. program for the company fleet
- Maintenance and Tracking of all calibrated tooling
- Monitor the Aircraft Records Department to insure all time controlled items and Aircraft Records are maintained in accordance with the FAR's
- Coordination with the Training and Stores Department for the inspection of incoming parts
- Ensuring proper compliance with all applicable FAR's and company policies

Assistant Chief Inspector – 1988-1989

- Duties included by not limited to: Supervision of all company authorized aircraft inspectors, Dayton Maintenance Facility

Lead/RII - 1988-1988

- Line Maintenance

A & P Mechanic (First, Second & Third Shifts) – 1987-1988

1986-1987 Royale Airlines Shreveport, LA

A & P Mechanic

- Heavy maintenance

1983-1986 F.M.S. Aircraft Service Houston, TX

A & P Mechanic

- Inspection

Education	1981-1982	Pittsburgh Institute of Aeronautics	West Mifflin, PA
	<ul style="list-style-type: none"> • Associates Degree in Specialized Technology • Airframe and Powerplant license issued 12/11/82 		
	1979-1981	West Virginia State College	Institute, WV
	<ul style="list-style-type: none"> • Business Major 		

3630 Monroe-Concord Rd.
Troy, OH 45373

Home: 937-335-9842

James P. Harkema

Experience

2003-Present

PSA Airlines, Inc.

Dayton, OH

Director, Operational Control Center

- Provide direction and growth to the Managers responsible for the daily operation of the airline with respect to Crew Resources, Dispatch, and Maintenance Control.
- Ensure the operational viability of the Operational Control Center facility including all its systems.
- Develop and implement policies, processes, and procedures in coordination with the Director team, tripling the size of the airline.

2002-2003

MidAtlantic Airways

Senior Director of Safety

- Coordinate the complete operational safety of MidAtlantic Airways, Inc. including the development and coordination of company wide environmental, health and safety related functions.
- Develop and implement a comprehensive Internal Evaluation Program for all phases of the operation.
- Develop and maintain comprehensive programs to ensure compliance with all Federal/State EPA and OSHA regulations.
- Compose and direct the Accident Response Plan.
- Represent MidAtlantic on the US Airways Safety Council, actively supporting the US Airways Safety Department in all Express related projects and issues.

2001-2003

US Airways

Manager, Express Safety

- Responsible for the coordination of the express safety program with each affiliate and wholly owned safety programs.
- Functioned as the primary contact to the US Airways Safety Department for the regional carriers Directors' of Safety.
- Provided leadership as the Co-chairman of the FAA/US Airways/US Airways Express Partnership Program.
- Conducted safety audits on each domestic and foreign code-share regional carrier.

2000-2001 Potomac Air

Director of Safety & Compliance

- Recruited specifically to join the Potomac Air Management team to transition the air carrier's certificate and create Potomac Air in record time
- Responsible for the Safety Program, FAA Security Program, and the FAA Anti-drug and Alcohol Plans.
- Developed and administrated the Internal Evaluation Program.
- Conducted safety and fuel vendor audits
- Responsible for the coordination and follow-up of all inspections and audits conducted on Potomac Air.
- Directed the Accident Response Plan.
- Represented Potomac Air on the US Airways Safety Council and actively supported the US Airways Safety Department in Express related projects and issues.

1990-2000 PSA Airlines, Inc.

Director-Safety

- Personally selected by the president/CEO to create the carrier's first safety program newly required by the FAA
- Coordinate the complete operational safety of PSA Airlines, Inc., including the development and coordination of all safety related functions in all departments.
- Act as a liaison between the company and the FAA to investigate, identify and correct any safety issues and ensure full compliance with all FAA guidelines and recommendations.
- Develop and implement a comprehensive Internal Evaluation Program for all phases of the operation.
- Develop and maintain comprehensive programs to ensure compliance with all Federal/State EPA and OSHA regulations.

Education

1999 University of Southern California

- Aviation Safety Certificate

National Safety Council Safety Training Institute

- Certificate in the Principles of Occupational Safety

1988 Sheffield School of Aeronautics

- Dispatcher Certificate

5721 Markey Road
Dayton, OH 45415

Home: 937-454-3851

Christine B. Dalena

Experience

1993-Present	PSA Airlines, Inc.	Dayton, OH
Director of Inflight Services – 1999-Present		
Inflight training Specialist – 1999		
Flight attendant – 1993-1999		
1992-1993	SE Technologies	Bridgville, PA
Document Coder		
1989-1991	Pan Am World Airways	Jamaca, NY
Flight Attendant		

Education

1992-1993	Robert Morris College	Pittsburgh, PA
• Post Graduate Studies		
1986	Indiana University of Pennsylvania	Indiana, PA
• Bachelor of Science		

4400 Sunnydale Pl.
Dayton, OH 45429

Home: 937-294-1716
Email: mjsparling@yahoo.com

Mark J. Sparling

Experience

1995-Present PSA Airlines, Inc. Dayton, OH

CRJ Project Manager (June 2003 to Present)

Controller (May 1997 to June 2003)

Director of General Accounting (May 1995 to May 1997)

- Responsible for accounting and financial reporting activities for \$130MM regional airline subsidiary of US Airways, including interface with operating department and top management on financial matters, financial reporting and analysis, corporate budgeting, accounting policies and procedures, external audit coordination, property taxes (6 states), and supervision of payroll (1,500+ employees), A/P and A/R, spare parts inventories and fixed assets.

1995-1995 Endolite North America, LLC Centerville, OH

Controller

- Responsible for set-up and normalization of all aspects of accounting operations and financial reporting for prosthetics distribution company relocated from Miami, FL.

1984-1995 Mauch Laboratories, Inc. Moraine, OH

Controller

- Responsible for all aspects of accounting and finance for \$5MM prosthetic knee component manufacturer and repair center, including financial reporting, general and cost accounting, investment and cashflow analysis, corporate income and property taxes, property and liability insurance, employee benefits plan design and administration and corporate budgeting.

1984-1984 United States Air Force WPAFB, OH

Civil Service Staff Accountant

- Responsible for foreign military sales accounting systems analysis and reconciliation activities.

1982-1984 Deloitte Haskins & Sells Dayton, OH

Staff Accountant

- Provided audit, review and tax services to small and growing businesses in a number of industries including manufacturing, printing, retail sales, software development, automotive dealerships and financial institutions.

Education

1978-1981 Wright State University Dayton, OH

- Bachelor of Science in Business
- Summa Cum Laude
- Major: Accounting

1686 Laurel Creek Drive
Troy, OH 45373

Home: 937-440-6927
Email: TAFFBO@msn.com

Mary C. Bowman

Experience

1987-Present PSA Airlines, Inc. Dayton, OH

Manager-Finance Administration

- Administer aircraft leases for a fleet of 30 aircraft.
- Interpret contracts and write brief summaries highlighting all accounting/finance implications as well as action items to be taken by various departments within the company. Serve as a liaison on behalf of the Company's needs and the legal department of the parent company.
- Administer all aircraft insurance, property, and vehicle insurance policies as well as doing the accounting entries for them. I also process all damage claims.
- Prepare a monthly market profit/loss report for parent company. Prepare quarterly Department of Transportation statistical reports and track all other statistics for the company.
- Supervise department secretary.
- Compile allocation information for federal tax return and up to 11 state corporate tax returns including Canadian tax returns.
- Administer company capital budget. Explain monthly variances of financial statements – actual to budget.
- Successfully serve as Y2K coordinator for our company.

1985-1987 Piedmont Airlines, Inc. Dayton, OH

Reservations Agent

- Received telephone calls from public to reserve seats on airline or request information regarding flight itinerary or schedules. This included setting up itineraries, selling tickets and occasionally dealing with a disgruntled passengers.

1977-1984 Wright-Patterson AFB Dayton, OH

Directorate of Engineering Secretary

- Directly reported and provided secretarial support to the Director of Engineering. Handled travel arrangements. Coordinated secretarial support for five divisions reporting to our office.

1976-1977 Hobart Corporation Dayton, OH

Personnel Secretary

- Provided secretarial support to the director and industrial labor relation manager. Processed time sheets for payroll. Handled personnel records, updating as needed.

Education

Sinclair Community College

Dayton, OH

- Associates of Applied Science Degree in Office Information Systems.

Edison Community College

Piqua, OH

- Required courses for continuing education for Bachelor Degree program.

Bluffton College

Bluffton, OH

- Working toward my Bachelor of Arts Business Degree in Organizational Management. Date of anticipated graduation is December 2004.

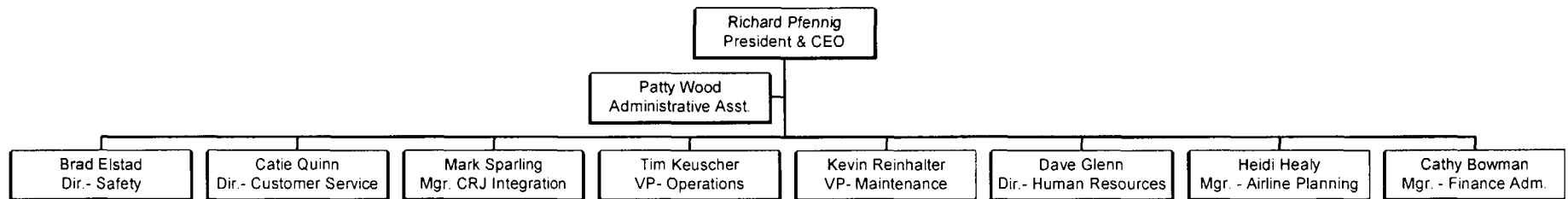
PSA AIRLINES, INC.

Organizational Charts

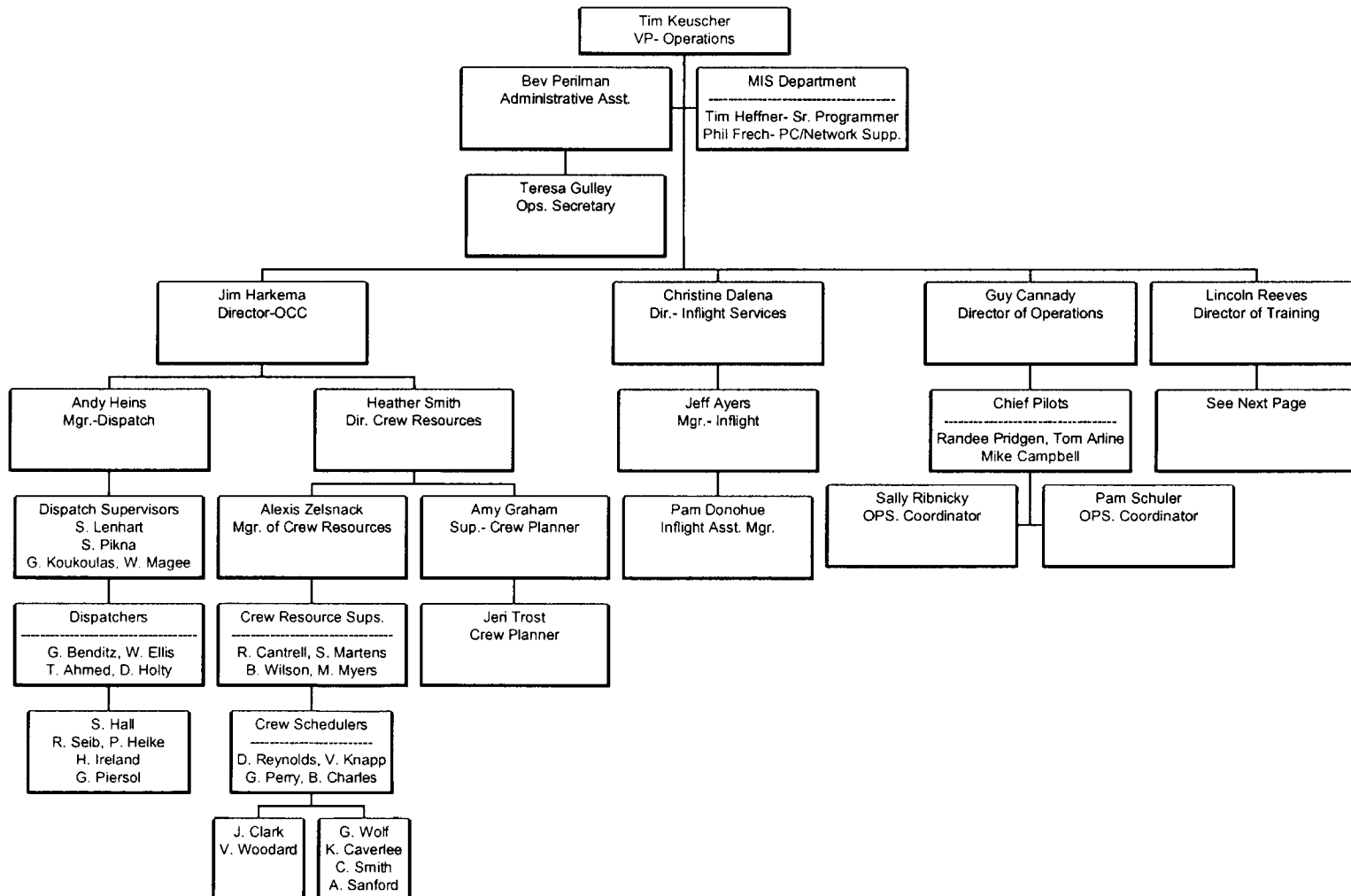
PSA Airlines, Inc.

Organizational Chart

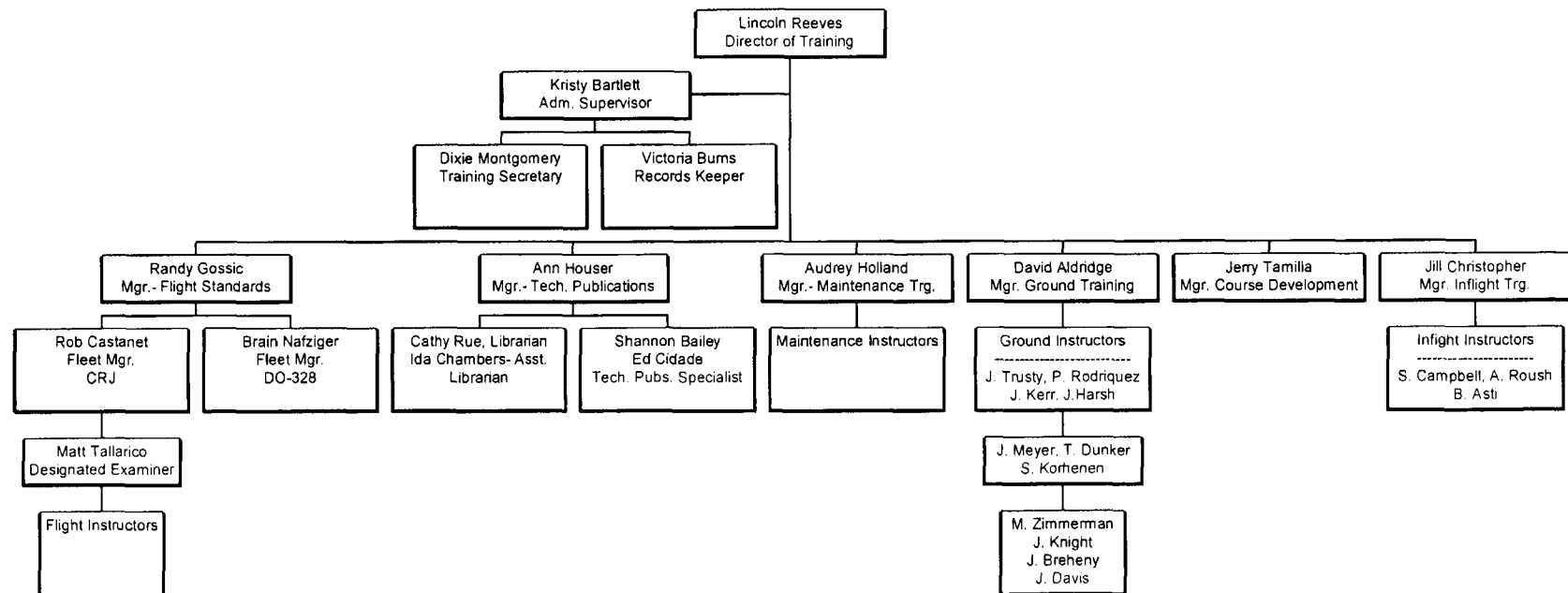
Effective December 16, 2003



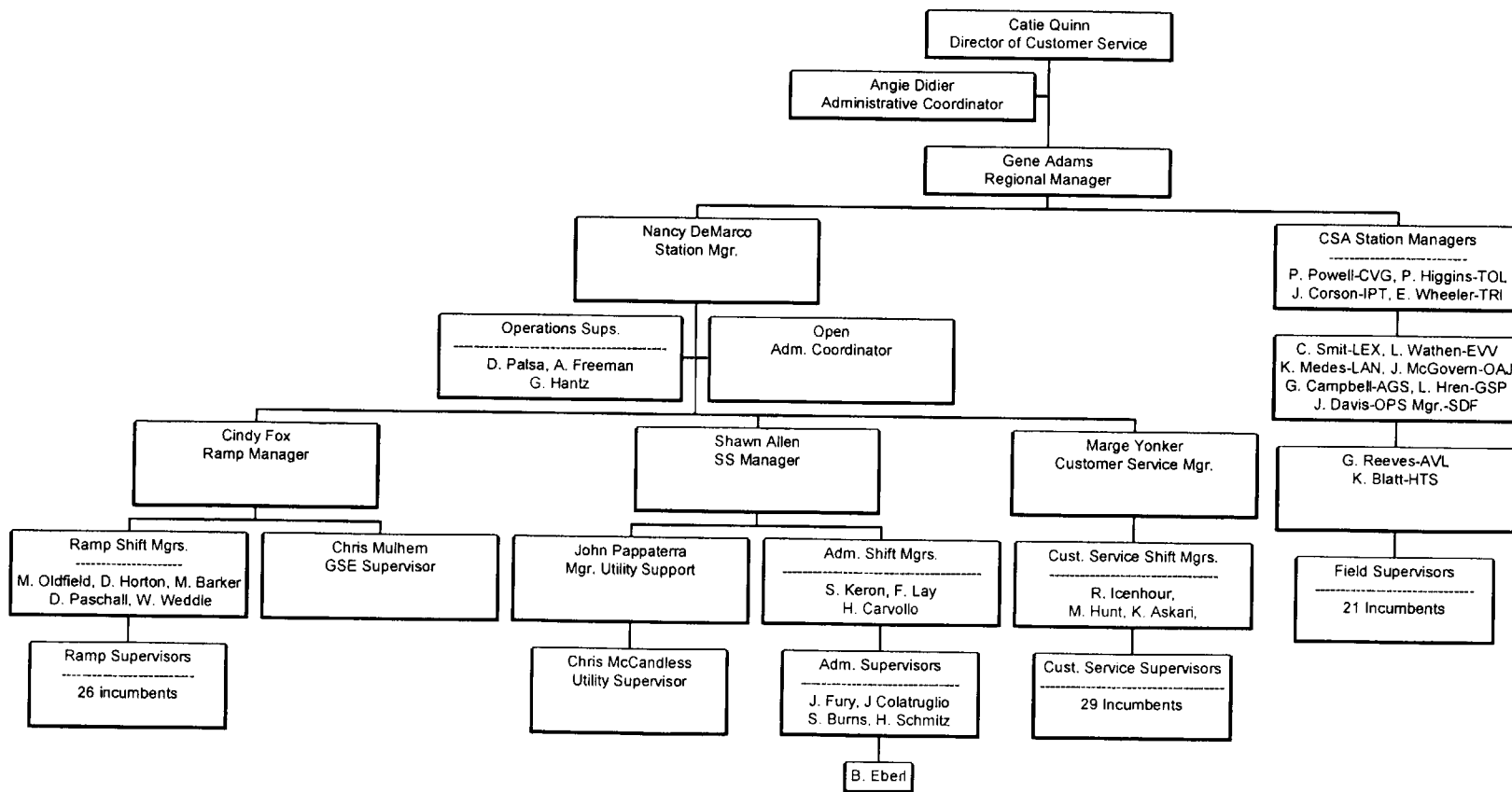
Flight Operations Department



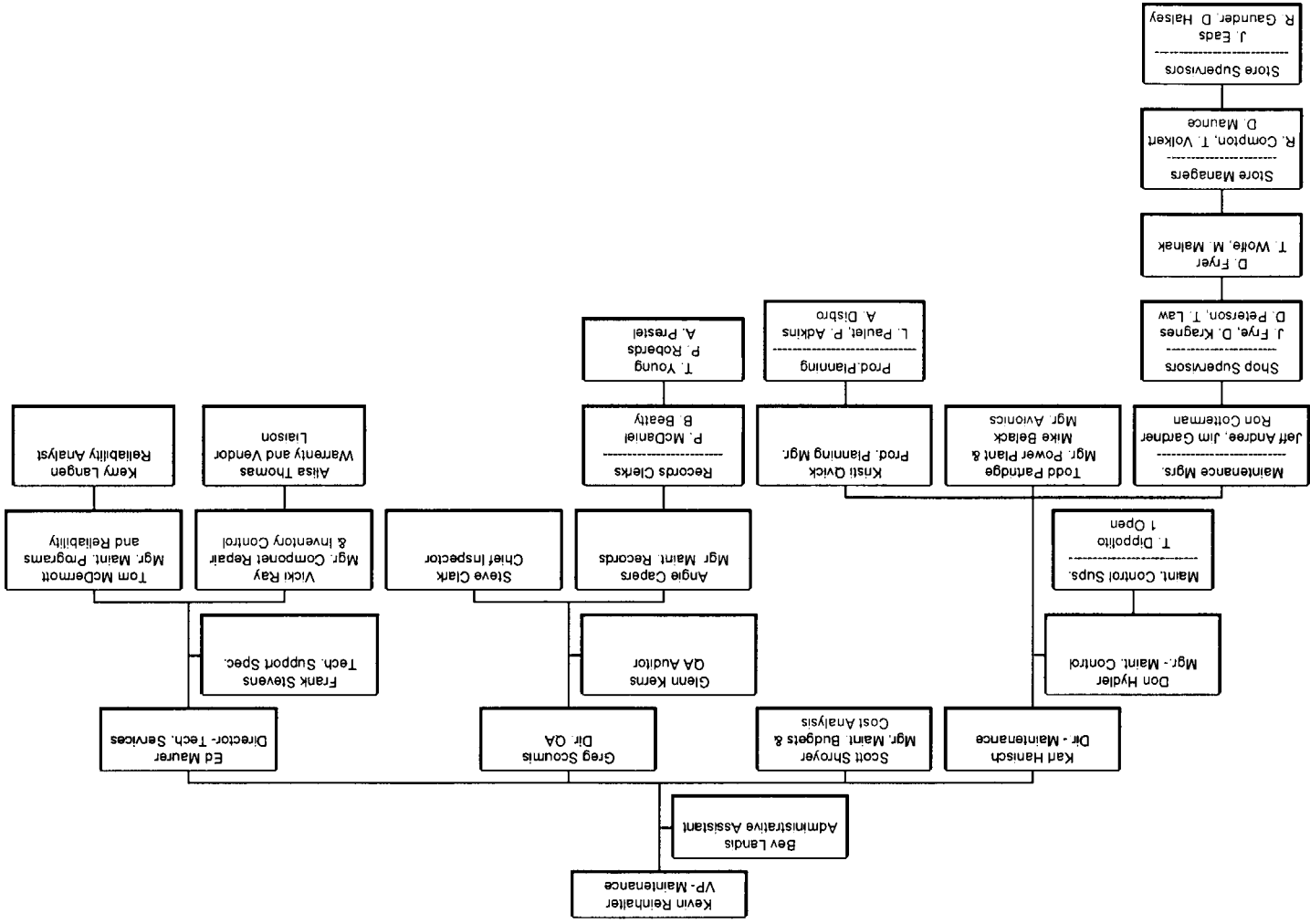
Flight Operations Training Department



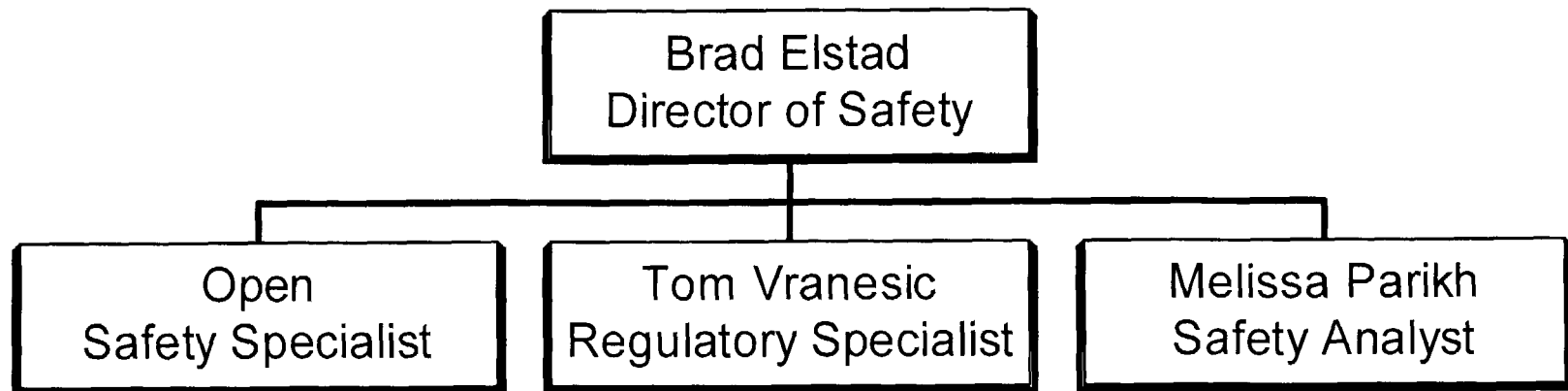
Customer Service Department



Maintenance Department



PSA Airlines Safety Department



Human Resource Department

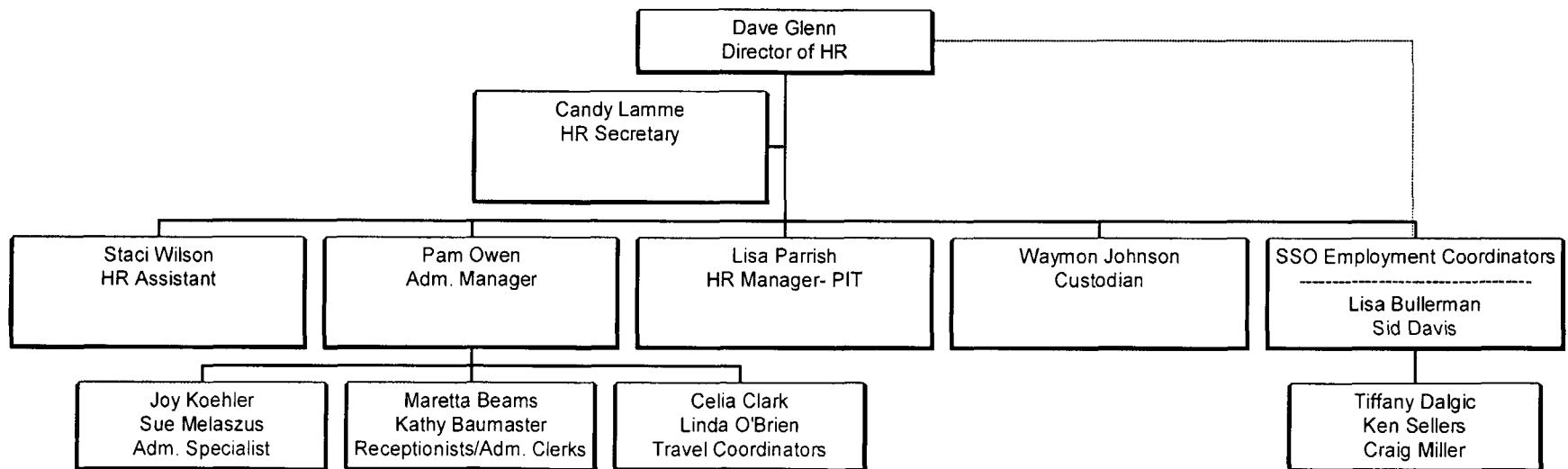


EXHIBIT PSA-5 through PSA-7

PSA AIRLINES, INC.

US Airways Group, Inc.
SEC Forms 10-K (calendar years 2000 – 2002)

EXHIBITS 5-8

**US AIRWAYS GROUP, INC.
SEC FORMS 10-K AND 10-Q**

Copies of Forms 10-K for the calendar years 2000 – 2002, and the Form 10-Q for the third quarter of 2003, are being provided to the Air Carrier Fitness Division. Because of the voluminous nature of these documents, PSA is not attaching copies for the Docket. Any interested parties may access these forms on line at the US Airways investors' website, at [http://investor.US Airways.com](http://investor.US%20Airways.com), and clicking "SEC filings."

PSA AIRLINES, INC.

US Airways Group, Inc.
SEC Forms 10-Q (3rd Quarter 2003)

PSA AIRLINES, INC.

PSA Airlines, Inc. Financial Statements
(calendar years 2000-2002, and as of September 30, 2003)

Acknowledgement of Financial Statements Preparation

The Financial Statements submitted by PSA Airlines, Inc. as a part of the Application for Determination of Fitness by DOT were prepared by the following individuals:

1. Balance Sheets as of December 31, 2000, 2001, and 2002, and income Statements for the years then ended, were prepared by Mr. Mark J. Sparling.

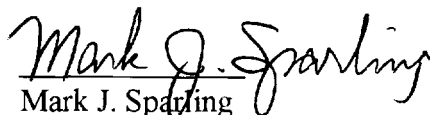
Mr. Sparling served as Controller for PSA Airlines from May 1995 through June 2003 and continues to serve PSA as the CRJ Project Manager. He is Certified Public Accountant (inactive) in the State of Ohio and in 1981, earned a Bachelor of Science Degree in business and accounting from Wright State University in Dayton, OH.

2. Balance Sheet as of September 30, 2003, and Income Statement for the nine months then ended, were prepared by Mr. William Eichelberger.

Mr. Eichelberger has served as Controller for PSA Airlines since June, 2003. He is a Certified Management Accountant and in 1989, earned a Bachelor of Science Degree in accounting and economics from Olgethorpe University in Atlanta, GA.

All financial statements were prepared in accordance with Generally Accepted Accounting Principals.

Acknowledged this 15th day of December 2003.


Mark J. Sparling

PSA AIRLINES, INC.

(A wholly-owned subsidiary of US Airways Group, Inc.)

Balance Sheets
September 30, 2003

Assets

Current Assets

(dollars in thousands, except per share amounts)

Cash	\$ 164
Accounts receivable, less allowance for doubtful accounts (\$5)	1,590
Receivables from affiliated companies	11,881
Materials and supplies, less allowance for obsolescence (\$547)	1,564
Prepaid expenses and other assets	363
Total Current Assets	15,562

Property and Equipment

Flight equipment	1,124
Ground property and equipment	3,434
Less accumulated depreciation and amortization	(438)
Total Property and Equipment	4,120

Other Assets

Other intangibles, net	12,172
Other assets	575
Total Other Assets	12,747

\$ 32,429

Liabilities and Stockholder's Deficit

Current Liabilities

Accounts payable	\$ (3,536)
Payables to affiliated companies	5,277
Accrued income taxes payable to US Airways Group	(61)
Accrued aircraft rent	-
Accrued engine repair costs	-
Accrued wages and vacation	2,165
Accrued expenses and other liabilities	3,556
Total Current Liabilities	7,401

Accrued engine repair costs, noncurrent	-
Debt due to US Airways Group	28,094
Deferred gains and manufacturers' credits	-
Deferred taxes	-
Total Liabilities	35,495

Commitments and Contingencies

Stockholder's Deficit

Common stock, par value \$1 per share, authorized 100 shares, issued and outstanding 10 shares	-
Paid-in capital	(2,011)
Accumulated deficit	(1,055)
Total Stockholder's Deficit	(3,066)

\$ 32,429

PSA AIRLINES, INC.

(A wholly-owned subsidiary of US Airways Group, Inc.)

Statement of Operations

September 30, 2003

	Year-to-date (dollars in thousands)
Operating Revenues:	
ASM revenue	\$ 85,094
Transport related revenue-handling	11,619
Other	7,143
Total Operating Revenue	103,856
Operating Expenses:	
Personnel costs	25,715
Aviation fuel	12,723
Aircraft rent	8,839
Landing fees	2,442
Other rent	2,018
Aircraft maintenance	18,350
Depreciation and amortization	718
Fees to US Airways	8,118
Transport related expense - handling	11,619
Government compensation	(140)
Other, net	16,750
Total Operating Expenses	107,152
Operating Income (Loss)	(3,296)
Other Income (Expense):	
Interest income	-
Interest expense	(374)
Interest capitalized	-
Reorganization items, net	14,554
Other, net	160
Other Income (Expense), net	14,340
Income(Loss) Before Taxes	11,044
Income Tax Provision (Credit)	-
Income Before Cum Effect of Accounting Change	11,044
Cum Effect of Accounting Change	-
Net Income(Loss)	<u>\$ 11,044</u>
Revenue Passengers	870,586
Average Passenger Journey	330.8
Revenue Passenger Miles (in 000's)	288,028
Available Seat Miles (in 000's)	504,820
Passenger Load Factor	57.1%
Cost/ASM	0.175
Average Stage Length (Miles)	329.0
Revenue Block Hours	71,238
Breakeven Load Factor	N/A
Cost of Fuel Per Gallon (without taxes)	0.9034
Gallons of Fuel Consumed (in 000's)	13,215
Schedule Completion Factor	95.2%
Flights Operated	47,948
Flights Scheduled	50,352

PSA AIRLINES, INC.

(A wholly-owned subsidiary of US Airways Group, Inc.)

Balance Sheets

December 31, 2002, 2001 and 2000

Assets	2002	2001	2000
Current Assets	<i>(dollars in thousands, except per share amounts)</i>		
Cash	\$ 83	\$ 26	\$ 19
Accounts receivable, less allowance for doubtful accounts (\$6 in 2002, 2001 and 2000)	1,299	6,355	978
Receivables from affiliated companies	11,526	7,260	9,406
Materials and supplies, less allowance for obsolescence (\$857 in 2002, \$593 in 2001, and \$1,282 in 2000)	2,316	572	1,647
Prepaid expenses and other assets	219	58	64
Total Current Assets	15,443	14,271	12,114
Property and Equipment			
Flight equipment	3,815	2,834	4,792
Ground property and equipment	8,854	8,818	8,006
Less accumulated depreciation and amortization	(8,274)	(7,342)	(7,310)
Total Property and Equipment	4,395	4,310	5,488
Other Assets			
Accounts receivable, noncurrent	-	2,936	-
Other assets	407	3,232	3,215
Total Other Assets	407	6,168	3,215
	\$ 20,245	\$ 24,749	\$ 20,817
Liabilities and Stockholder's Deficit			
Current Liabilities			
Accounts payable	\$ 2,943	\$ 3,414	\$ 3,896
Payables to affiliated companies	3,683	2,463	3,386
Accrued income taxes payable to US Airways Group	(1,402)	(1,407)	1,062
Accrued aircraft rent	5,269	1,228	1,486
Accrued engine repair costs	510	10,952	15,763
Accrued wages and vacation	2,837	2,116	1,783
Accrued expenses and other liabilities	3,570	3,790	3,414
Total Current Liabilities	17,410	22,556	30,790
Accrued engine repair costs, noncurrent	-	8,590	5,852
Debt due to US Airways Group	10,793	14,100	2,243
Deferred gains and manufacturers' credits	-	3,121	601
Deferred taxes	-	606	606
Total Liabilities	28,203	48,973	40,092
Liabilities Subject to Compromise	6,152	-	-
Commitments and Contingencies			
Stockholder's Deficit			
Common stock, par value \$1 per share, authorized 100 shares, issued and outstanding 10 shares	-	-	-
Paid-in capital	4,609	4,609	4,609
Accumulated deficit	(18,719)	(28,833)	(23,884)
Total Stockholder's Deficit	(14,110)	(24,224)	(19,275)
	\$ 20,245	\$ 24,749	\$ 20,817

See accompanying notes to financial statements.

PSA AIRLINES, INC.

(A wholly-owned subsidiary of US Airways Group, Inc.)

Statement of Operations

December 31, 2002, 2001 and 2000

	Years ended December 31,		
	2002	2001	2000
	<i>(dollars in thousands)</i>		
Operating Revenues:			
ASM revenue	\$ 110,298	\$ 90,207	\$ 97,859
Transport related revenue-handling	15,541	11,023	10,485
Other	7,533	3,890	3,418
Total Operating Revenue	133,372	105,120	111,762
Operating Expenses:			
Personnel costs	31,200	23,918	22,582
Aviation fuel	14,468	12,835	15,286
Aircraft rent	15,140	18,086	18,384
Landing fees	2,770	1,763	1,915
Other rent	2,239	1,014	596
Aircraft maintenance	27,334	19,476	19,538
Depreciation and amortization	712	1,123	1,139
Fees to US Airways	10,838	10,361	11,785
Transport related expense - handling	15,541	11,023	10,485
Airline Stabilization Act Grant	20	(2,440)	-
Other, net	19,803	15,479	13,174
Total Operating Expenses	140,065	112,638	114,884
Operating Income (Loss)	(6,693)	(7,518)	(3,122)
Other Income (Expense):			
Interest income	-	40	82
Interest expense	(412)	(136)	-
Interest capitalized	-	-	-
Other, net	(773)	228	248
Other Income (Expense), net	(1,185)	132	330
Income(Loss) Before Taxes	(7,878)	(7,386)	(2,792)
Income Tax Provision (Credit)	(584)	(2,434)	(17)
Income Before Cum Effect of Accounting Change	(7,294)	(4,952)	(2,775)
Cum Effect of Accounting Change	17,408	-	-
Net Income(Loss)	\$ 10,114	\$ (4,952)	\$ (2,775)
Revenue Passengers	1,185,020	1,081,724	1,114,605
Average Passenger Journey	354.5	326.6	350.9
Revenue Passenger Miles (in 000's)	420,084	353,262	391,137
Available Seat Miles (in 000's)	716,882	571,557	618,318
Passenger Load Factor	58.6%	61.8%	63.3%
Cost/ASM	0.163	0.175	0.163
Average Stage Length (Miles)	355.8	330.1	348.1
Revenue Block Hours	95,825	77,689	81,762
Breakeven Load Factor	N/A	N/A	N/A
Cost of Fuel Per Gallon (without taxes)	0.7425	0.7959	0.9134
Gallons of Fuel Consumed (in 000's)	17,976	14,865	15,639
Schedule Completion Factor	95.5%	92.6%	93.6%
Flights Operated	62,961	54,105	55,392
Flights Scheduled	65,950	58,401	59,159

PSA AIRLINES, INC.

Current and Planned Fleet Information

PSA AIRLINES, INC.
CURRENT AND PLANNED FLEET INFORMATION

The current fleet of PSA Airlines consists as follows:

<u>Number</u>	<u>Make/Model</u>	<u>Lessor</u>
26	Dornier 328-100	US Airways, Inc.
6	Bombardier CRJ-200	US Airways, Inc.

Note: An additional CRJ-200 is scheduled to be delivered in December 2003.

PSA projects acquisition of new aircraft to proceed approximately as follows:

CRJ-200 -- 42 deliveries in 2004; 9 deliveries in first quarter 2005;

CRJ-701 -- 20 deliveries in 2004, beginning in February; 5 deliveries in first quarter 2005.

All aircraft will be leased from US Airways, Inc.

At the same time, the Dornier 328-100 aircraft will be retired as they are replaced by the CRJs. The net effect on the fleet by the end of 2004 will be an increase from 26 to 68 aircraft. All but 20 of these aircraft, however, will be below the 60-seat threshold.

The cost of the addition of the CRJ-701s is held to a minimum because much of the work involved in the transition (including changes in manuals, addition of new maintenance equipment and personnel, training, etc.) had already been accomplished for the recent addition of the CRJ-200s. The two CRJs are virtually the same model, but for the capacity, and thus very little additional expense must be made to accommodate the new aircraft type.

Under US Airways' "Jets for Jobs" program, as much as 50 percent of the new pilots hired for the operation of the CRJs will be drawn from the pool of available furloughed US Airways pilots. These highly seasoned and experienced pilots will bring an added measure of safety and reliability to PSA's jet operations.

PSA AIRLINES, INC.

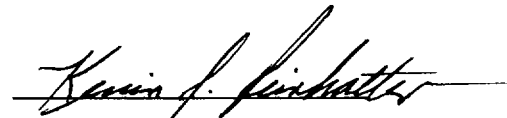
Affidavit of Compliance

AFFIDAVIT OF COMPLIANCE

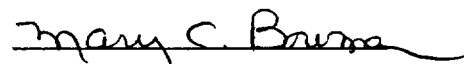
STATE OF OHIO)
COUNTY OF MONTGOMERY) ss:

Kevin J. Reinhalter, being first duly sworn, deposes and says:

1. I am Vice President, Maintenance of PSA Airlines, Inc., and am authorized to make this statement on the Company's behalf.
2. I hereby swear, under penalty of perjury, that the aircraft operated by PSA Airlines are certificated by the Federal Aviation Administration, in that they bear currently effective Certificates of Airworthiness, and are in full compliance with all applicable regulations and safety standards.


Kevin J. Reinhalter
Vice President, Maintenance

Subscribed and sworn before me this 5th day of December, 2003.


Notary Public

MARY C. BOWMAN, Notary Public
In and for the State of Ohio
My Commission Expires July 25, 2007

PSA AIRLINES, INC.

Investigations, Enforcement Actions
And Complaints

**PSA AIRLINES, INC.
INVESTIGATIONS, ENFORCEMENT ACTIONS
AND COMPLAINTS (§ 204.3(o))**

PSA has several Letters of Investigation (LOIs) pending at the FAA and the TSA. These are summarized as follows:

<u>Case number</u>	<u>Agency</u>	<u>Description</u>
2003CAK0009	TSA	re procedures for acceptance of cargo
2003EA880514	TSA	re procedures for acceptance of baggage
2003EA880566	TSA	re access to non-public areas
2003GL050015	FAA	re irregularities in load manifest and baggage counting procedures
2003PIT0025	TSA	re unsecured door into air operations area
2003SO880326	TSA	re passenger screening procedures
2003SO880358	TSA	(same)
2003SO880374	TSA	(same)
2003SO880458	TSA	(same)

PSA has responded to each of the above LOIs, and has taken remedial action; in most cases, it has also contested legal liability. In the final four matters, shown below, PSA has not yet filed a response:

2004GL050010	FAA	action against individual flight attendant re use of non-current manual
2004GL050011	FAA	(same)
2004GL050012	FAA	(same)
2004GL050013	FAA	(same)

There are no civil penalty or certificate matters now pending against PSA at the FAA or TSA; nor are there any complaints or enforcement matters now pending against the carrier at the Department.

PSA AIRLINES, INC.

The History of PSA Airlines, Inc.

**THE HISTORY of
PSA AIRLINES, INC.**

The Company began operations in Latrobe, Pennsylvania, as Vee Neal Airlines (named after owner Vee Neal Frey) after receiving FAA certification in 1979. On May 1, 1980, the Company expanded its operation to include scheduled air service between Latrobe and Pittsburgh with a Cessna 402 operating six round trips per day.

In April 1983, US Air announced it would reduce frequencies to Pittsburgh and discontinue nonstop service to Chicago. At that time a number of civic leaders in the Erie, Pennsylvania area campaigned to raise venture capital to expand Vee Neal Airlines. With the commitment of these and other business leaders, six British Aerospace Jetstream 31 aircraft were ordered to develop a route system that would ensure air service links to key cities from Erie. Jetstream International Airlines (a name chosen to mirror the airlines' future) was launched in December 1983, with the delivery of two Jetstream 19-passenger aircraft. Over the next eight months, four more Jetstream 31 's were delivered and placed into service.

The small commuter from Latrobe, PA (administered by Chairman Neal Frey and President Ruth Frey) moved its Corporate Headquarters and Maintenance Department to Erie in 1984. The Carrier had a basic route system from Erie to New York, Philadelphia, Harrisburg, Washington, Pittsburgh, Cleveland, Chicago and Detroit. In addition, Jetstream provided daily nonstop service from Youngstown, Ohio to both airports in Detroit.

After some difficult economic struggles as a point-to-point carrier, Jetstream affiliated itself with Piedmont Airlines in September 1985, and the airline began service under the Piedmont colors connecting Erie with Piedmont's Baltimore and Dayton hubs.

Jetstream International Airlines became a wholly owned subsidiary of Piedmont Aviation on August 1, 1986, operating as Piedmont. In March 1987, Jetstream relocated its corporate headquarters to Dayton, while maintenance bases were established in both Dayton and Hagerstown, Maryland to support the new route system.

With USAir's acquisition of Piedmont in November 1987, Jetstream began operating as an Allegheny Commuter in April 1988, from USAir's hub in Philadelphia, in addition to its continued feed to the Baltimore and Dayton hub for Piedmont.

On July 1, 1988, Jetstream International Airlines became a wholly owned subsidiary of the USAir Group of companies. With the operational integration of Piedmont into USAir on August 5, 1989, Jetstream began operating all of its flights under the new name and colors of US Air Express.

In 1992, the carrier began operating a new type of aircraft – seven EMB-120s – that introduced a higher level of passenger service. Two years later, the carrier began operating the USAir Express facility in Pittsburgh, becoming the dominant Express carrier at that important hub. Also in 1994, the Company and Dornier Aircraft entered into formal negotiations for the lease of 20 firm, and 20 option, DO-328 series aircraft.

In February, 1995, Jetstream International was certificated as an FAR Part 121 Air Carrier, and the same month began operating the DO-328 aircraft. The DO-328, which has 32 seats, a full service galley along with an APU, is the fastest and most sophisticated turboprop aircraft in its class. By March 1996, when the twentieth new DO-328 was delivered, the Company was an all-DO-328 airline.

On November 1, 1995, Jetstream International Airlines was renamed...PSA Airlines, Inc. Pacific Southwest Airlines (PSA) had been an innovative California-based airline that became part of the US Air system in April 1988. Jetstream was undergoing a significant transformation, which made this a good time to change its name and also preserve a famous name that is now part of US Air's heritage. On November 20, 1995, PSA Corporate Headquarters relocated to a newly remodeled building at the Dayton International Airport, where it resides today.

In February 1997, USAir changed its name to US Airways, and shortly thereafter, PSA began operating under the name of US Airways Express.

On August 11, 2002, US Airways Group, Inc. (which included PSA) filed voluntary petitions for reorganization under Chapter 11 of the Bankruptcy Code. This action allowed the company to effect cost savings from aircraft lessors, financiers and other key stakeholders as a means of ensuring the Company's return to profitability. The Company successfully emerged from Chapter 11 on March 31, 2003.

On May 12, 2003, US Airways announced an agreement to purchase at least 170 Canadair and Embraer regional jets from Bombardier Aerospace of Canada and Embraer of Brazil, respectively, with the first delivery scheduled for October 2003. Under the Bombardier agreement, US Airways has firm orders for 60 CRJ-200 series, 50-seat, single-class aircraft and 25 CRJ-700 series, 70-seat aircraft. Because of its stellar operating history, PSA Airlines was selected by US Airways to be the operator of its new CRJ aircraft. The first aircraft was delivered to PSA Airlines in October of 2003, and after successful completion of the certification process by the Federal Aviation Administration, PSA's first revenue flight in the new 50-seat CRJ was conducted on November 22, 2003.

PSA AIRLINES, INC.

Certificate Authority and Part 298 Registration



US Department
of Transportation
Federal Aviation
Administration

Air Carrier Certificate

This certifies that
PSA AIRLINES, INC.
3400 Terminal Drive
Vandalia, Ohio 45377

has met the requirements of the Federal Aviation Act of 1958, as amended, and the rules, regulations, and standards prescribed thereunder for the issuance of this certificate and is hereby authorized to operate as an air carrier and conduct common carriage operations in accordance with said Act and the rules, regulations, and standards prescribed thereunder ~~and the terms, conditions, and limitations contained in the approved operations specifications.~~

This certificate is not transferable and, unless sooner surrendered, suspended, or revoked, shall continue in effect indefinitely.

By Direction of the Administrator

David E. Hanley
(Signature)

Certificate number: VNAA111A

Effective Date: August 7, 1979
Reissued: September 5, 2002

Issued at: GL05, Cincinnati, Ohio

Flight Standards Division Manager
(Title)

Great Lakes Region
(Region/Office)

U.S. Department
of Transportation
Federal Aviation
Administration

Operations Specifications

A001. Issuance and Applicability

HQ Control: 05/09/03
HQ Revision: 02c

- a. These operations specifications are issued to PSA Airlines, Inc., whose principal base of operation is located at:

Primary Business Address:
3400 Terminal Drive
Vandalia, OH 45377

The holder of these operations specifications is the holder of Air Carrier Certificate Number VNAA111A and shall hereafter be referred to as the certificate holder. The certificate holder is authorized to conduct:

Domestic	operations in Common	carriage pursuant to Title 14 Code of Federal Regulations (CFR) Section	119.21(a)(1) - DOMESTIC	and provided, at all times, the certificate holder has appropriate written economic authority issued by the Department of Transportation.
Flag	operations in Common	carriage pursuant to Title 14 Code of Federal Regulations (CFR) Section	119.21(a)(2) - FLAG	and provided, at all times, the certificate holder has appropriate written economic authority issued by the Department of Transportation.
Supplemental	operations in Common	carriage pursuant to Title 14 Code of Federal Regulations (CFR) Section	119.21(a)(3) - SUP	and provided, at all times, the certificate holder has appropriate written economic authority issued by the Department of Transportation.

The certificate holder shall conduct these kinds of operations in accordance with the specific authorizations, limitations, and procedures in these operations specifications and all appropriate Parts of the CFR.

- b. These operations specifications are effective as of the "Date Approval is effective" listed in each paragraph and shall remain in effect as long as the certificate holder continues to meet the requirements of Part 119 as specified for certification.
- c. The certificate holder is authorized to conduct the operations described in subparagraph a under the following other business names:

USAirways Express

- d. The certificate holder is authorized to conduct flights under 14 CFR Part 91 for crewmember training, maintenance tests, ferrying, re-positioning, and the carriage of company officials using the applicable authorizations in these operations specifications, without obtaining a Letter of Authorization, provided the flights are not conducted for compensation or hire and no charge of any kind is made for the conduct of the flights.

U.S. Department
of Transportation
Federal Aviation
Administration

Operations Specifications

-
1. The Certificate Holder applies for the Operations in this paragraph.
 2. Support information reference:
 3. These Operations Specifications are approved by direction of the Administrator.
-

DIGITALLY FAA SIGNED 9/16/03 11:27:11 AM

Ellen M. Tom,
Principal Operations Inspector

4. Date Approval is effective: 09/16/2003 Amendment Number: 3
5. I hereby accept and receive the Operations Specifications in this paragraph.

DIGITALLY INDUSTRY SIGNED 9/12/03 2:05:54 PM

Keuscher, Timothy G.
Vice President of Operations

Date: 09/12/2003

Operations Specifications

A003. Airplane Authorization

HQ Control: 09/11/2002

HQ Revision: 02f

The certificate holder is authorized to conduct operations under the provisions of Title 14 CFR Part 121 using airplanes with the approved configuration and operations described in the following table:

M/M/S	Type Section 119	Operational Use of Aircraft	Operation Configuration	En Route	Condition Of Flight	Seats Demo.	Seats Approved	Number Flt. Att.
CL-600-2B19	119.21(a)(2)-Flag	Flag	Passenger	IFR/VFR	Day/Night	50	50	1
DO-328-100	119.21(a)(2) - Flag	Flag	Passenger	IFR/VFR	Day/Night	33	32	1

1. The Certificate Holder applies for the Operations in this paragraph.
2. Support information reference:
3. These Operations Specifications are approved by direction of the Administrator.

DIGITALLY FAA SIGNED 11/20/03 12:51:24 PM

Ellen M. Tom,
Principal Operations Inspector

4. Date Approval is effective: 11/20/2003 Amendment Number: 2
5. I hereby accept and receive the Operations Specifications in this paragraph.

DIGITALLY INDUSTRY SIGNED 11/20/03 12:37:20 PM

Keuscher, Timothy G.
Vice President of Operations

Date: 11/20/2003

DEPARTMENT OF TRANSPORT



MINISTÈRE DES TRANSPORTS

**CANADIAN FOREIGN AIR
OPERATOR CERTIFICATE**

**CERTIFICAT CANADIEN
D'EXPLOITATION AERIEN
ETRANGER**

Legal Name:
Dénomination sociale:

PSA AIRLINES, INC.

Trade Name(s)
Nom(s) commercial(aux)

USAIR EXPRESS
US AIRWAYS EXPRESS

Address
Adresse

3400 TERMINAL DRIVE
VANDALIA
OHIO
UNITED STATES OF AMERICA
45377

Certificate No.
N° du Certificat

F-4379

This Canadian foreign air operator certificate is issued by the Minister pursuant to Part VII of the *Canadian Aviation Regulations*, under the authority of the *Aeronautics Act* and authorizes the operation of the types of services listed in Part I of this certificate, provided the foreign air operator complies with the conditions and operations specifications of this Canadian foreign air operator certificate.

The Minister may suspend or cancel this Canadian foreign air operator certificate at any time where the foreign air operator fails to comply with the provisions of the Canadian foreign air operator certificate or to comply with the applicable provisions of the *Aeronautics Act*, the *Canadian Aviation Regulations* or for such other grounds as are set out in the *Aeronautics Act*.

This Canadian foreign air operator certificate is not transferable and shall remain in effect until suspended or cancelled.

Le présent certificat canadien d'exploitation aérien étranger est délivré par le ministre en vertu de la partie VII du *Règlement de l'aviation canadien*, sous l'autorité de la *Loi sur l'aéronautique* et autorise les types de services décrits à la partie I du présent certificat, à condition que l'exploitant aérien étranger se conforme aux conditions et aux spécifications d'exploitation du présent certificat canadien d'exploitation aérien étranger.

Le ministre peut, en tout temps, suspendre ou annuler le certificat canadien d'exploitation aérien étranger si l'exploitant aérien étranger ne se conforme pas aux dispositions du certificat canadien d'exploitation aérien étranger ou n'observe pas les dispositions applicables de la *Loi sur l'aéronautique*, du *Règlement de l'aviation canadien* ou pour d'autres motifs établis dans la *Loi sur l'aéronautique*.

Le présent certificat canadien d'exploitation aérien étranger ne peut être transféré et doit rester en vigueur jusqu'à sa suspension ou son annulation.

Certification Date
Date d'agrément

1996.10.10

Approved/Approuvée: 1997.04.14
Remplace celui approuvée 1996.10.10
Supersedes the one approved 1996.10.10

For Minister of Transport - Pour le ministre des Transports

DEPARTMENT OF TRANSPORT

CANADIAN FOREIGN AIR OPERATOR
CERTIFICATE
GENERAL CONDITIONS



MINISTÈRE DES TRANSPORTS

CERTIFICAT CANADIEN
D'EXPLOITATION AÉRIEN ÉTRANGER
CONDITIONS GÉNÉRALES

Legal Name:
Dénomination sociale:

PSA AIRLINES, INC.

Certificate No.
N° du Certificat

F-4379

GENERAL CONDITIONS

A Canadian foreign air operator certificate is issued subject to the following conditions, and shall remain valid, subject to subsection 6.71(1) of the *Aeronautics Act*, as long as these conditions are complied with:

- (a) the foreign air operator shall have a valid air operator certificate or equivalent document issued by the state of the foreign air operator;
- (b) the foreign air operator shall make no change in its air transport service in Canada, except in the case of an emergency, without notifying the Minister;
- (c) the foreign air operator shall notify the Minister within 10 working days after any change in its legal name or trade name;
- (d) the foreign air operator shall conduct flight operations in accordance with the ICAO standards;
- (e) the foreign air operator shall maintain its aircraft in accordance with the ICAO standards;
- (f) the foreign air operator shall comply with the applicable provisions of these Regulations; and
- (g) the foreign air operator shall conduct a safe operation.

CONDITIONS GÉNÉRALES

Un certificat canadien d'exploitation aérien étranger est délivré sous réserve des conditions suivantes et demeure valide, sous réserve du paragraphe 6.71(1) de la *Loi sur l'aéronautique*, tant et aussi longtemps que les conditions suivantes sont respectées:

- a) l'exploitant aérien étranger est titulaire d'un certificat d'exploitation aérienne ou d'un document équivalent valides délivrés par l'État de l'exploitant aérien étranger;
- b) l'exploitant aérien étranger n'apporte aucun changement à son service de transport aérien au Canada, sauf dans les cas d'urgence, sans en avvertir le ministre;
- c) l'exploitant aérien étranger informe le Ministre de tout changement apporté à sa dénomination sociale ou à son nom commercial dans les 10 jours ouvrables suivant le changement;
- d) l'exploitant aérien étranger effectue les opérations aériennes conformément aux normes de l'OACI;
- e) l'exploitant aérien étranger effectue la maintenance des aéronefs conformément aux normes de l'OACI;
- f) l'exploitant aérien étranger se conforme aux dispositions applicables du présent règlement;
- g) l'exploitant aérien étranger mène son exploitation d'une manière sécuritaire.

DEPARTMENT OF TRANSPORT

**SPECIFIC
CONDITIONS**



MINISTÈRE DES TRANSPORTS

**DISPOSITIONS PARTICULIÈRES
D'EXPLOITATION**

PART I

PARTIE I

Legal Name:
Dénomination sociale:

PSA AIRLINES, INC.

Certificate No.
N° du Certificat

F-4379

These specific conditions, in this Part, are issued concerning areas of operations, types of services and any special conditions.
Ces conditions particulières, dans la présente partie, sont délivrées concernant les régions d'exploitation, les types de services et toutes conditions spéciales.

AREAS OF OPERATIONS.....REGIONS D'EXPLOITATION

BETWEEN POINTS IN CANADA AND ABROAD.....ENTRE POINTS AU CANADA ET POINTS A L'ETRANGER

TYPES OF SERVICE.....TYPES DE SERVICES

**NON-SCHEDULED INTERNATIONAL.....INTERNATIONAL A LA DEMANDE
SCHEDULED INTERNATIONAL.....INTERNATIONAL REGULIER**

SPECIAL CONDITIONS.....CONDITIONS SPECIALES

DEPARTMENT OF TRANSPORT

SPECIFIC
CONDITIONS



MINISTÈRE DES TRANSPORTS

DISPOSITIONS PARTICULIÈRES
D'EXPLOITATION

PART II

PARTIE II

Legal Name:
Dénomination sociale:

PSA AIRLINES, INC.

Certificate No.
N° du Certificat

F-4379

The Foreign air operator is authorized, in this part, to operate the following types of aircraft provided they are operated in accordance with the applicable subparts of Part VII of the *Canadian Aviation Regulations* indicated below.

L'exploitant aérien étranger est autorisé, dans la présente partie, à utiliser les types d'aéronefs suivants pourvu qu'ils soient utilisés conformément aux sous-parties applicables de la Partie VII du *Règlement de l'aviation canadien* indiquées ci-dessus.

Ref.#	Type	Type Design.	Registration Immatriculation	Issued Délivrées	CAR RAC	IFR IFR	Night/ Nuit VFR	Day/Jour VFR OTT	Passenger Passagers	Cargo Fret
003	DORNIER 328	DO328		1997.04.14	701	YES/ OUI	YES/ OUI	NO / NON	YES/ OUI	YES/ OUI
004	CL600/601	CL60		2003.11.21	701	YES/ OUI	YES/ OUI	NO / NON	YES/ OUI	YES/ OUI

Part/Partie II
Approved/Approuvée: 2003.11.21
Remplace celui approuvée 1997.04.14
Supersedes the one approved 1997.04.14
26-0390 (10-96)


For Minister of Transport - Pour le ministre des Transports

Canada

Approved by OMB
OMB No. 2106-0031
Expires: 6/30/99

AGENCY DISPLAY OF ESTIMATED BURDEN

The public reporting burden for the collection of information is estimated to average 30 minutes per response. If you wish to comment on the accuracy of the estimate or make suggestions for reducing the burden, please direct your comments to the U.S. Department of Transportation, Office of Aviation Analysis, X-56, 400 7th Street, S.W., Washington, D.C. 20590.

PAPER WORK REDUCTION ACT OF 1995

Under the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The OMB control number is displayed in the upper right-hand corner of this form.



U.S. Department of
Transportation
Office of the Secretary
of Transportation

AIR TAXI OPERATOR AND COMMUTER AIR CARRIER REGISTRATION AND AMENDMENTS UNDER PART 298 OF THE REGULATIONS OF THE DEPARTMENT OF TRANSPORTATION

Air taxis: Submit this form in duplicate to the Federal Aviation Administration, Air Transportation Division AFS-200, 800 Independence Avenue S.W., Washington, D.C. 20591

Commuters: Submit this form in duplicate to Department of Transportation, Air Carrier Fitness Division, X-56, Office of Aviation Analysis, 400 7th Street S.W., Washington D.C. 20590

Fees: The fee for the initial registration of an air taxi is \$8. The fee for an initial registration of a commuter is \$670. Checks, drafts, or postal money orders should be payable to DOT. There is no filing fee for amendment to forms previously filed.

FOR USE BY DOT ONLY



Effective date of registration/amendments

SEP 29 2003

1a. Name (and DBA, if applicable) and Mailing Address of the Registering Carrier:

PSA Airlines, Inc.
3400 Terminal Drive
Vandalia, OH 45377

D/B/A US Airways
Express

D/B/A US Air Express

1b. Telephone No. 937-454-1116

Fax No. 937-454-5828

2a. Address of principal place of business (if different from above):

2b. Telephone No.

Fax No.

3a. Federal Aviation Administration certificate number:
VNAA111A

3b. Address of local FAA office:

Cincinnati Flight Standards
District Office
4240 Airport Road
Cincinnati, OH 45226

3c. FAA Telephone No.:
513-533-8554

3d. FAA Principal Operations Inspector:
Ellen Tom

4. This filing is the carrier's:

☐ Initial Registration

☒ Amendment to reflect changes since previous filing (Complete Item 9)

If initial registration, give proposed date of commencement of operations:

5. Check type or types of service the carrier intends to perform upon commencement of operations, or, for amendments, service the carrier is currently performing:

☒ Scheduled passenger*

☐ On-demand passenger

☐ Air ambulance

☐ Scheduled cargo

☐ On-demand cargo

☐ Seasonal

☐ Mail under a U.S. Postal Service contract

☐ Other (Please specify)**

* Check only if service is of at least five (5) round trips per week on at least one route between two or more points and is operated pursuant to published flight schedules which specify the times, days of the week, and places between which such flights are performed. If the registrant has not previously been found "fit, willing and able" to perform scheduled passenger service as a commuter, this registration should be accompanied by the evidence required by 14 CFR 204.3 and, if applicable, 204.4.

** For example, if the carrier performs other services such as fire fighting operations for the U.S. Forest Service, it should be indicated here.

<p>6. Aircraft which the carrier proposes to operate in air taxi or commuter service or, for amendments, aircraft currently operated:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 35%; text-align: left;">Aircraft Make and Model</th> <th style="width: 35%; text-align: left;">FAA Registration Number</th> <th style="width: 30%; text-align: left;">Passenger Seats Installed*</th> </tr> </thead> <tbody> <tr> <td>1. <u>See attached list.</u></td> <td></td> <td></td> </tr> <tr> <td>2. _____</td> <td></td> <td></td> </tr> <tr> <td>3. _____</td> <td></td> <td></td> </tr> <tr> <td>4. _____</td> <td></td> <td></td> </tr> <tr> <td>5. _____</td> <td></td> <td></td> </tr> </tbody> </table> <p style="text-align: center; font-size: small;">(Add additional sheets if necessary)</p> <p>* This does not include seats occupied by the pilot or co-pilot unless the latter is available for passenger use.</p>	Aircraft Make and Model	FAA Registration Number	Passenger Seats Installed*	1. <u>See attached list.</u>			2. _____			3. _____			4. _____			5. _____			<p>7. Is the registering carrier a U.S. citizen?</p> <p style="text-align: center;"> <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO </p> <p style="font-size: x-small;">NOTE: An air taxi or commuter registered under Part 298 must be a citizen of the United States. The Federal Aviation Act defines a citizen as (a) an individual who is a U.S. citizen; (b) a partnership of which each member is a U.S. citizen; or (c) a corporation of which the President and two-thirds or more of the Officers and Directors are U.S. citizens and at least 75 percent of the voting interest is owned or controlled by U.S. citizens.</p> <p>8. If this is an amendment, has the carrier carried passengers in foreign air transportation, that is, between any point in the United States and any point outside thereof, during the past 12 months?</p> <p style="text-align: center;"> <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO </p>
Aircraft Make and Model	FAA Registration Number	Passenger Seats Installed*																	
1. <u>See attached list.</u>																			
2. _____																			
3. _____																			
4. _____																			
5. _____																			

9. REPORT CHANGES OR AMENDMENTS TO INFORMATION PREVIOUSLY FILED WITHIN 30 DAYS OF THE EFFECTIVE DATE:

a. Change in Carrier's Name and/or Address (Please specify):

<p style="text-align: center; font-size: x-small;">Former Name and Address:</p>	<p style="text-align: center; font-size: x-small;">Current Name and Address:</p>
---------------------------------------------------------------------------------	----------------------------------------------------------------------------------

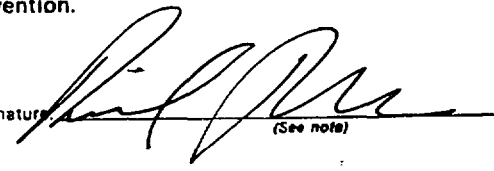
b. Description of Any Other Changes or Amendments (including additions or deletions of aircraft, change in type of operations, registration numbers, etc.):

Deleted two (2) aircraft from the fleet of 30. (N458PS and N461PS)

Revised address of local FAA office, telephone and contact.

10. Certification

I certify that the information contained in this application is complete and accurate to the best of my knowledge. If operating as a commuter air carrier or in foreign air transportation or participating in an interline agreement, the carrier subscribes to Agreement 18900 (see OST Form 4523), and in accordance with that Agreement agrees that a liability limit of not less than \$75,000 shall apply under Article 22(1) of the Warsaw Convention for passenger injury or death in international transportation as defined in the Convention.

Signature: 

(See note)

Date: September 18, 2003 Name: Richard E. Pfennig

(Please type)

Place: Dayton, Ohio Title: President/CEO

(City and State)

NOTE: This registration must be signed by a responsible officer, such as the President, Vice President, Secretary or Treasurer, or partner or owner of the carrier.

TO INSURE PROPER PROCESSING OF THIS REGISTRATION, PLEASE COMPLETE THIS FORM IN ITS ENTIRETY.

Approved by OMB
OMB No. 2106-0031
Expires: 6/30/99

AGENCY DISPLAY OF ESTIMATED BURDEN

The public reporting burden for the collection of information is estimated to average 30 minutes per response. If you wish to comment on the accuracy of the estimate or make suggestions for reducing the burden, please direct your comments to the U.S. Department of Transportation, Office of Aviation Analysis, X-56 400 7th Street S.W., Washington, D.C. 20590.

PAPER WORK REDUCTION ACT OF 1995

Under the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The OMB control number is displayed in the upper right-hand corner of this form.



U.S. Department of
Transportation
Office of the Secretary
of Transportation

**AIR TAXI OPERATOR AND COMMUTER AIR CARRIER
REGISTRATION AND AMENDMENTS UNDER
PART 298 OF THE REGULATIONS OF
THE DEPARTMENT OF TRANSPORTATION**

Air taxis: Submit this form in duplicate to the Federal Aviation Administration, Air Transportation Division AFS-200, 800 Independence Avenue S.W. Washington, D.C. 20591

Commuters: Submit this form in duplicate to Department of Transportation, Air Carrier Fitness Division, X-56, Office of Aviation Analysis, 400 7th Street S.W., Washington D.C. 20590

Fees: The fee for the initial registration of an air taxi is \$8. The fee for an initial registration of a commuter is \$670. Checks, drafts, or postal money orders should be payable to DOT. There is no filing fee for amendment to forms previously filed.

FOR USE BY DOT ONLY

Effective date of registration/amendments

1a. Name (and DBA, if applicable) and Mailing Address of the Registering Carrier:

PSA Airlines, Inc.
3400 Terminal Drive
Vandalia, OH 45377

D/B/A US Airways Express

D/B/A US Air Express

1b. Telephone No. 937-454-1116 Fax No. 937-454-5828

2a. Address of principal place of business (if different from above):

2b. Telephone No. _____ Fax No. _____

3a. Federal Aviation Administration certificate number:

VNA111A

3b. Address of local FAA office:

Cincinnati Flight Standards
District Office
4240 Airport Road
Cincinnati, OH 45226

3c. FAA Telephone No.:

513-533-8554

3d. FAA Principal Operations Inspector:

Ellen Tom

4. This filing is the carrier's:

☐ Initial Registration

☒ Amendment to reflect changes since previous filing (Complete item 9)

If initial registration, give proposed date of commencement of operations: _____

5. Check type or types of service the carrier intends to perform upon commencement of operations, or, for amendments, service the carrier is currently performing:

☒ Scheduled passenger*

☐ On-demand passenger

☐ Air ambulance

☐ Scheduled cargo

☐ On-demand cargo

☐ Seasonal

☐ Mail under a U.S. Postal Service contract

☐ Other (Please specify)** _____

* Check only if service is of at least five (5) round trips per week on at least one route between two or more points and is operated pursuant to published flight schedules which specify the times, days of the week, and places between which such flights are performed. If the registrant has not previously been found "fit, willing and able" to perform scheduled passenger service as a commuter, this registration should be accompanied by the evidence required by 14 CFR 204.3 and, if applicable, 204.4.

** For example, if the carrier performs other services such as fire fighting operations for the U.S. Forest Service, it should be indicated here.

S.T. Kouscher

6. Aircraft which the carrier proposes to operate in air taxi or commuter service or, for amendments, aircraft currently operated:			7. Is the registering carrier a U.S. citizen? <input checked="checked" type="checkbox"/> YES <input type="checkbox"/> NO
Aircraft Make and Model 1. <u>See attached list.</u> 2. _____ 3. _____ 4. _____ 5. _____	FAA Registration Number _____ _____ _____ _____ _____	Passenger Seats Installed* _____ _____ _____ _____ _____	
(Add additional sheets if necessary)			NOTE: An air taxi or commuter registered under Part 298 must be a citizen of the United States. The Federal Aviation Act defines a citizen as (a) an individual who is a U.S. citizen; (b) a partnership of which each member is a U.S. citizen; or (c) a corporation of which the President and two-thirds or more of the Officers and Directors are U.S. citizens and at least 75 percent of the voting interest is owned or controlled by U.S. citizens.
* This does not include seats occupied by the pilot or co-pilot unless the latter is available for passenger use.			8. If this is an amendment, has the carrier carried passengers in foreign air transportation, that is, between any point in the United States and any point outside thereof, during the past 12 months: <input checked="checked" type="checkbox"/> YES <input type="checkbox"/> NO

9. REPORT CHANGES OR AMENDMENTS TO INFORMATION PREVIOUSLY FILED WITHIN 30 DAYS OF THE EFFECTIVE DATE:

a. Change in Carrier's Name and/or Address (Please specify):

Former Name and Address: _____	Current Name and Address: _____
--------------------------------	---------------------------------


b. Description of Any Other Changes or Amendments (including additions or deletions of aircraft, change in type of operations, registration numbers, etc.):

Deleted two (2) aircraft from the fleet of Dornier model 328-100 aircraft.
(N470PS and N460PS)

Added two new CRJ-200 aircraft to fleet. (N202PS and N206PS)

10. Certification

I certify that the information contained in this application is complete and accurate to the best of my knowledge. If operating as a commuter air carrier or in foreign air transportation or participating in an interline agreement, the carrier subscribes to Agreement 18900 (see OST Form 4523), and in accordance with that Agreement agrees that a liability limit of not less than \$75,000 shall apply under Article 22(1) of the Warsaw Convention for passenger injury or death in international transportation as defined in the Convention.

Signature: 
(See note)

Date: November 5, 2003

Name: Richard E. Pfennig
(Please type)

Place: Dayton, Ohio
(City and State)

Title: President/CEO

NOTE: This registration must be signed by a responsible officer, such as the President, Vice President, Secretary or Treasurer, or partner or owner of the carrier.

TO INSURE PROPER PROCESSING OF THIS REGISTRATION, PLEASE COMPLETE THIS FORM IN ITS ENTIRETY.

PSA AIRLINES, INC.

**Forecast Income
Statement and Balance Sheet**

PSA AIRLINES, INC.
Narrative to Forecast Income Statement and Balance Sheet

The attached Income Statement and Balance Sheet show the projected results for the first full year of "certificated" operations, *i.e.*, using the CRJ-701 aircraft. The forecast period begins April 1, 2004.¹ The statements include projections for PSA's existing operations (using the Dornier and the CRJ-200s) as well as estimates for the CRJ-701 aircraft. These new aircraft will have a relatively narrow financial impact on operations. For instance, no new station costs are projected since PSA already has station operations in place to support its existing aircraft. Since the -701 is essentially a larger version of the -200, minimal training and maintenance expenditures will be necessary. The carrier has already hired on much of the staff that will operate and service the -701s. It estimates that the -701 operations will require the following additional personnel: Pilots and flight attendants – 450; maintenance personnel – 100; training and administrative staff – 25.

Pages 2-6 of this exhibit include combined revenues and expenses for all three of PSA's equipment types operated during the forecast period. Pages 7-9 break out the projected expenses by equipment type (CRJ-7-1, CRJ-200 and Dornier 328 turboprop). Page 10 contains a statement of projected non-equipment-specific expenses. The amounts from the four supporting statements add up to the expense amounts on the combined income statement. The balance sheet is shown on page 11.

The combined income statement shows a 12-month estimated operating profit of \$770,000, but a net result of \$0. This is because PSA's revenues are generated from the sale of all ASM's to US Airways at a rate intended to achieve a breakeven result covering all equipment and non-equipment costs. As a result, revenue is only shown on the income statement and not by equipment type, since equipment-specific results would not be meaningful.

The table of figures specifically for the -701s show that this aircraft type will increase from 7 percent to 30 percent of the fleet by the end of this period. It will account for 25 percent of operating expenses, in total, but 30 percent of ASMs, on which revenue is based. Thus, the aircraft will have a disproportionately positive net effect for the carrier.

¹ These forecasts have been prepared using the accrual basis of accounting. All accounting policies incorporated are consistent with those of PSA's parent company, US Airways Group, Inc. Since PSA is already a fully functional airline, the statements provided in this application are based largely on existing 2004 budgeted data.

PSA Airlines, Inc.
Projected Income Statement
April 2004 through March 2005

	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Total
Operating Revenues													
Capacity sales	15,415,574	16,483,980	19,943,580	20,107,543	22,125,885	24,174,578	26,846,657	29,941,541	34,218,904	35,815,420	35,665,621	39,505,906	320,245,189
Transport-related revenue	2,455,372	2,547,180	2,446,185	2,554,726	2,500,625	2,506,098	2,549,293	2,570,276	2,579,263	2,550,000	2,575,000	2,600,000	30,434,017
Other	84,300	43,800	43,800	45,127	43,800	43,800	43,800	106,027	127,554	130,000	120,000	100,000	932,008
Total	17,955,245	19,074,960	22,433,565	22,707,395	24,670,310	26,724,476	29,439,751	32,617,844	36,925,721	38,495,420	38,360,621	42,205,906	351,611,214
Operating Expenses													
Personnel costs	3,583,873	3,725,105	3,801,556	4,201,870	4,375,255	4,539,294	5,032,055	5,209,740	5,675,381	6,149,969	6,197,076	6,798,150	59,289,324
Aviation fuel	2,402,440	2,705,678	2,921,696	3,307,358	3,787,800	4,204,108	4,991,462	5,224,959	5,972,301	6,723,231	6,802,465	7,727,084	56,770,582
Aircraft rent	3,117,280	3,456,382	4,065,801	4,428,642	5,047,487	5,947,966	6,869,640	7,705,700	8,607,471	9,656,777	10,315,777	10,690,777	79,909,700
Other rent	26,846	28,846	29,246	28,846	32,211	32,611	32,211	32,211	32,611	32,211	32,211	32,611	372,672
Landing fees	539,884	598,233	635,793	711,392	806,939	892,871	1,055,125	1,105,628	1,257,373	1,410,225	1,404,195	1,555,506	11,973,166
Aircraft maintenance	1,425,654	1,426,956	1,588,709	1,467,636	1,508,518	1,852,379	2,019,784	1,930,529	2,369,332	2,489,652	2,528,297	2,937,300	23,544,745
Depreciation & amortization	129,489	140,599	151,708	162,818	173,927	185,038	196,147	207,257	218,366	228,801	239,481	250,162	2,283,794
Passenger fees	2,317,364	2,615,614	2,790,300	3,081,859	3,366,790	3,496,677	4,539,046	4,715,297	4,808,986	4,566,844	5,139,883	6,352,328	47,790,990
Transport-related expense	2,455,372	2,547,180	2,446,185	2,554,726	2,500,625	2,506,098	2,549,293	2,570,276	2,579,263	2,550,000	2,575,000	2,600,000	30,434,017
Other operating expenses	3,179,689	2,268,273	2,153,018	2,577,994	2,958,972	3,285,474	3,464,926	3,920,125	3,850,820	3,863,566	3,427,666	3,521,702	38,472,225
Total	19,177,891	19,512,866	20,584,013	22,523,141	24,558,525	26,942,515	30,749,690	32,621,722	35,371,904	37,671,276	38,662,051	42,465,620	350,841,214
Operating Income (Loss)	(1,222,645)	(437,906)	1,849,552	184,255	111,785	(218,040)	(1,309,939)	(3,878)	1,553,817	824,143	(301,430)	(259,714)	770,000
Other Income (Expense)													
Interest expense	(60,000)	(63,000)	(66,000)	70,000	(73,000)	(75,000)	(78,000)	(80,000)	(82,000)	(85,000)	(88,000)	(90,000)	(770,000)
Other													
Total	(60,000)	(63,000)	(66,000)	70,000	(73,000)	(75,000)	(78,000)	(80,000)	(82,000)	(85,000)	(88,000)	(90,000)	(770,000)
Income(Loss) Before Taxes	(1,282,645)	(500,906)	1,783,552	254,255	38,785	(293,040)	(1,387,939)	(83,878)	1,471,817	739,143	(389,430)	(349,714)	0
Statistics													
ASM's (000's)	90,900	97,200	117,600	132,500	145,800	159,300	183,900	205,100	234,400	263,000	261,900	290,100	2,181,700
Passengers	198,662	226,470	242,456	265,793	294,279	310,062	377,820	395,459	413,382	392,568	441,826	546,049	4,104,826
Revenue block hours	9,678	10,132	10,921	12,071	13,232	13,957	15,552	16,168	18,193	20,419	20,625	23,519	184,467
Departures	7,738	8,286	8,378	9,202	10,133	10,716	12,084	12,272	13,545	15,134	15,040	16,737	139,267
Aircraft at month-end:													
D328	16	15	12	11	9	6	4	2	0	0	0	0	
CRJ200	20	24	28	32	36	40	43	45	49	52	55	58	
CRJ701	3	3	4	4	5	8	12	16	20	23	25	25	
Total	39	42	44	47	50	54	59	64	69	75	80	83	

	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Total
Personnel Costs													
Pilots-D328	441,180	403,935	309,696	290,070	249,383	174,967	114,062	57,354	5,326	0	0	0	2,045,971
Pilots-CRJ	706,854	792,296	948,514	1,126,636	1,257,673	1,337,556	1,505,836	1,546,035	1,684,985	1,896,804	1,901,245	2,207,135	16,911,571
Extra for CRJ701	127,745	118,844	156,134	162,691	195,899	300,574	476,782	612,291	772,929	890,336	914,060	1,003,243	5,731,530
FA's	242,107	253,552	265,589	303,660	326,081	324,349	328,621	317,369	336,632	380,750	381,642	443,044	3,903,396
Extra for CRJ701	44,331	43,984	60,566	65,028	80,633	124,544	188,884	239,501	307,534	357,439	366,963	402,767	2,282,174
Mechanics	434,347	461,863	434,347	461,863	448,315	447,458	448,315	460,609	461,863	465,000	465,000	465,000	5,453,979
Extra maintenance (10%)	0	0	0	46,186	44,831	44,746	44,831	46,061	46,186	46,500	46,500	46,500	412,342
Other	938,632	976,390	938,632	985,201	980,522	963,491	1,013,926	987,560	1,032,686	1,000,000	1,000,000	1,000,000	11,817,041
Subtotal	2,935,195	3,050,864	3,113,478	3,441,335	3,583,337	3,717,685	4,121,258	4,266,782	4,648,142	5,036,830	5,075,410	5,567,690	48,558,005
Benefits @ 22.1%	648,678	674,241	688,079	760,535	791,918	821,608	910,798	942,959	1,027,239	1,113,139	1,121,666	1,230,459	10,731,319
Total	3,583,873	3,725,105	3,801,556	4,201,870	4,375,255	4,539,294	5,032,055	5,209,740	5,675,381	6,149,969	6,197,076	6,798,150	59,289,324
D328 Pilots													
Wages	409,033	374,467	287,118	268,946	231,182	162,187	105,704	53,197	4,931	0	0	0	
Sick	15,745	14,433	11,058	10,346	8,915	6,259	4,094	2,036	193	0	0	0	
Vacation	16,401	15,035	11,519	10,777	9,286	6,520	4,265	2,121	201	0	0	0	
CRJ200 Pilots													
Wages/BH	157.37	146.97	139.68	139.35	134.54	133.71	137.33	138.24	135.50	136.50	136.50	136.50	
Wages	665,000	742,327	886,239	1,053,284	1,173,783	1,248,270	1,402,241	1,440,923	1,568,106				
Sick	20,543	24,526	30,567	36,004	41,176	43,825	50,848	51,593	57,368				
Vacation	21,310	25,442	31,709	37,348	42,714	45,462	52,747	53,520	59,511				
FA													
Wages/BH	27.31	27.20	27.09	27.85	27.69	27.70	27.20	27.04	26.96	27.40	27.40	27.40	
Fuel													
D328	723,642	650,450	498,352	466,165	401,735	281,993	184,533	91,701	8,788	0	0	0	3,307,360
CRJ200	1,346,383	1,708,310	1,981,709	2,376,570	2,796,368	3,007,215	3,364,646	3,341,580	3,678,841	4,110,864	4,120,490	4,783,433	36,616,408
CRJ701	332,416	346,918	441,635	464,622	589,697	914,900	1,442,284	1,791,678	2,284,672	2,612,367	2,681,975	2,943,651	16,846,814
Total	2,402,440	2,705,678	2,921,696	3,307,358	3,787,800	4,204,108	4,991,462	5,224,959	5,972,301	6,723,231	6,802,465	7,727,084	56,770,582
Gallons per hour at cruise per BBD													
CRJ200	325	325	325	325	325	325	325	325	325	325	325	325	
CRJ701	444	440	440	440	440	440	440	440	440	440	440	440	
Aircraft Rent													
D328	507,500	437,419	372,000	321,290	255,484	190,000	125,806	74,000	9,677	0	0	0	2,293,177
CRJ200	2,183,333	2,604,839	3,150,000	3,572,581	4,120,968	4,666,667	5,088,710	5,412,500	5,814,516	6,500,000	6,875,000	7,250,000	57,239,113
CRJ701	426,000	426,000	568,000	568,000	710,000	1,136,000	1,704,000	2,272,000	2,840,000	3,266,000	3,550,000	3,550,000	21,016,000
Credits	(67,054)	(79,376)	(91,699)	(100,729)	(106,465)	(112,201)	(116,376)	(120,300)	(124,223)	(124,223)	(124,223)	(124,223)	(1,291,090)
Spares rent	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	15,000	15,000	15,000	652,500
Total	3,117,280	3,456,382	4,065,801	4,428,642	5,047,487	5,947,966	6,869,640	7,705,700	8,607,471	9,656,777	10,315,777	10,690,777	79,909,700
Monthly rent													
CRJ200	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	
CRJ701	142,000	142,000	142,000	142,000	142,000	142,000	142,000	142,000	142,000	142,000	142,000	142,000	

	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Total
Landing fees													
D328 (MGLW 29,167)	190,944	170,706	131,423	120,732	102,483	74,538	48,532	28,045	2,934	0	0	0	870,337
CRJ200 (MGLW 47,000)	277,408	352,157	408,440	489,751	576,361	619,651	693,358	688,516	758,194	844,580	832,868	943,555	7,484,840
CRJ701 (MGLW 67,000)	71,533	75,370	95,930	100,909	128,095	198,682	313,236	389,067	496,245	565,646	571,327	611,951	3,617,990
Total	539,884	598,233	635,793	711,392	806,939	892,871	1,055,125	1,105,628	1,257,373	1,410,225	1,404,195	1,555,506	11,973,166
Fee per landing													
D328	51	51	51	51	51	51	51	51	51	51	51	51	
CRJ200	82	82	82	82	82	82	82	82	82	82	82	82	
CRJ701	117	117	117	117	117	117	117	117	117	117	117	117	
Aircraft Maintenance													
D328	853,412	784,417	630,328	549,420	434,318	410,279	398,780	106,518	98,977	0	0	0	4,266,449
CRJ200	334,939	407,775	503,047	599,983	696,719	746,526	822,535	833,312	924,314	1,042,200	1,044,640	1,212,712	9,168,703
CRJ701-related	162,347	161,727	223,559	233,498	291,204	449,603	694,355	885,837	1,140,883	1,304,522	1,339,282	1,469,954	8,356,771
General	68,669	67,208	68,918	76,538	76,783	76,318	80,872	76,135	79,050	97,272	97,500	113,186	978,448
General CRJ701-related	6,287	5,829	7,858	8,195	9,493	14,652	23,242	28,727	36,108	45,658	46,875	51,448	284,374
D328 engine	0	0	65,000	0	0	65,000	0	0	0	0	0	0	130,000
CRJ200 engine	0	0	30,000	0	0	30,000	0	0	30,000	0	0	30,000	120,000
CRJ701 engine	0	0	60,000	0	0	60,000	0	0	60,000	0	0	60,000	240,000
Total	1,425,654	1,426,956	1,588,709	1,467,636	1,508,518	1,852,379	2,019,784	1,930,529	2,369,332	2,489,652	2,528,297	2,937,300	23,544,745
General/non-CRJ701 BH	7.74	7.21	7.03	7.02	6.52	6.52	6.69	6.49	6.33	7.00	7.00	7.00	
CRJ200 Mx/BH	74.57	75.64	74.08	74.21	74.53	74.63	75.01	74.51	74.33	75.00	75.00	75.00	
CRJ701 MX/BH	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	
Depreciation & amortization													
Original budget	119,809	121,239	122,668	124,098	125,527	126,957	128,386	129,816	131,245	132,000	133,000	134,000	1,528,743
CRJ701-related	9,680	19,360	29,040	38,721	48,401	58,081	67,761	77,441	87,121	96,801	106,481	116,162	755,051
Total	129,489	140,599	151,708	162,818	173,927	185,038	196,147	207,257	218,366	228,801	239,481	250,162	2,283,794
Number of months	1	2	3	4	5	6	7	8	9	10	11	12	
Passenger-related fees													
Original budget	2,012,838	2,287,507	2,374,174	2,647,847	2,840,710	2,732,571	3,210,686	3,077,742	2,943,880	2,755,854	3,072,114	3,881,978	33,837,902
CRJ701-related	304,526	328,107	416,126	434,011	526,080	764,106	1,328,360	1,637,555	1,865,107	1,810,990	2,067,769	2,470,350	13,953,088
Total	2,317,364	2,615,614	2,790,300	3,081,859	3,366,790	3,496,677	4,539,046	4,715,297	4,808,986	4,566,844	5,139,883	6,352,328	47,790,990
D328 est pax	68,856	62,817	49,148	44,698	36,728	24,991	17,785	10,333	1,087	0	0	0	316,443
CRJ200 est pax	103,700	135,244	157,150	183,664	211,568	217,315	249,465	247,789	251,970	236,894	264,080	333,696	2,592,536
CRJ701 estimate	26,106	28,409	36,158	37,431	45,983	67,756	110,570	137,337	160,325	155,673	177,746	212,352	1,195,847
Total	198,662	226,470	242,456	265,793	294,279	310,062	377,820	395,459	413,382	392,568	441,826	546,049	4,104,826

	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Total
Other expenses													
Crew per diem	228,620	234,737	241,541	275,032	285,411	288,112	273,468	266,978	274,631	330,030	330,803	384,025	3,413,388
Crew hotel	223,859	226,570	239,873	276,224	296,535	289,206	300,949	345,675	380,794	360,491	355,492	402,737	3,698,406
Into plane	135,101	153,945	161,862	185,532	208,725	214,671	231,638	224,074	240,674	267,206	267,832	310,923	2,602,182
Catering	109,884	122,746	126,008	138,767	150,934	148,249	160,762	154,610	153,614	142,137	158,448	200,218	1,766,377
Aircraft insurance	114,152	121,183	135,214	145,405	151,394	148,004	154,324	158,906	158,409	189,720	187,080	211,920	1,875,711
BBD training cost	1,285,544	167,544	167,544	167,544	0	0	0	0	0	0	0	0	1,788,176
Deicing	195,600	0	0	0	0	0	0	312,300	332,300	500,000	500,000	300,000	2,140,200
Simulator-D328	39,526	35,662	27,635	25,941	22,537	16,221	11,071	5,110	726	0	0	0	184,429
Simulator-CRJ	26,809	158,142	220,642	237,924	237,924	237,924	223,649	234,649	197,399	150,000	150,000	150,000	2,225,061
Training hotel	134,220	136,699	131,822	147,633	139,104	137,811	123,310	112,914	70,049	50,000	50,000	50,000	1,283,563
Other	577,927	564,200	556,304	587,859	566,069	566,126	587,565	564,654	573,637	575,000	575,000	575,000	6,869,340
Original budget	3,071,240	1,921,428	2,008,447	2,187,861	2,058,633	2,046,323	2,066,736	2,379,869	2,382,233	2,564,584	2,574,655	2,584,823	27,846,832
CRJ701-crew per diem	27,210	26,468	35,803	38,283	45,874	71,910	102,169	130,958	163,080	201,386	206,752	226,924	1,276,816
CRJ701-crew hotel	24,965	24,829	33,829	37,135	46,696	70,795	111,343	167,032	225,675	219,973	222,183	237,981	1,422,437
CRJ701-into plane	21,695	22,642	28,823	30,324	38,487	59,711	94,131	116,934	149,110	169,804	174,328	191,337	1,097,326
CRJ701-catering	16,625	17,606	22,086	22,745	27,952	41,455	66,512	82,262	97,323	93,404	106,648	127,411	722,029
CRJ701-ac insurance	17,955	18,900	24,030	25,245	32,130	49,680	78,435	97,470	124,200	141,615	143,100	153,225	905,985
CRJ701-BBD	0	223,600	0	223,600	670,800	894,400	894,400	894,400	670,800	447,200	0	0	4,919,200
CRJ701-training hotel	0	12,800	0	12,800	38,400	51,200	51,200	51,200	38,400	25,600	0	0	281,600
Revised total	3,179,689	2,268,273	2,153,018	2,577,994	2,958,972	3,285,474	3,464,926	3,920,125	3,850,820	3,863,566	3,427,666	3,521,702	38,472,225
Crew per diem/non-CRJ701 BH													
Crew hotel/non-CRJ701 flt	31.41	29.65	31.74	33.12	32.81	32.07	31.99	38.64	40.93	35.00	35.00	35.00	
Into plane/non-CRJ701 fuel \$	0.065	0.065	0.065	0.065	0.065	0.065	0.065	0.065	0.065	0.065	0.065	0.065	
Catering/passenger	0.64	0.62	0.61	0.61	0.61	0.61	0.60	0.60	0.61	0.60	0.60	0.60	
AC ins/non-CRJ701 ASM	1.47	1.46	1.35	1.28	1.24	1.21	1.23	1.20	1.11	1.20	1.20	1.20	
AC ins/CRJ701 ASM	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	
STATISTICS													
Flights @ 100%													
D328	3,840	3,433	2,643	2,428	2,061	1,499	976	564	59	0	0	0	17,503
CRJ200	3,435	4,360	5,057	6,064	7,136	7,672	8,584	8,524	9,387	10,457	10,312	11,682	92,669
CRJ701	621	654	832	876	1,112	1,724	2,718	3,376	4,306	4,908	4,958	5,310	31,394
Total	7,895	8,447	8,532	9,367	10,308	10,895	12,278	12,464	13,752	15,365	15,269	16,992	141,565
Flights @ completion factor													
D328	3,744	3,347	2,577	2,367	2,009	1,462	952	550	58	0	0	0	17,065
CRJ200	3,383	4,295	4,981	5,973	7,029	7,557	8,456	8,397	9,246	10,300	10,157	11,507	91,279
CRJ701	611	644	820	862	1,095	1,698	2,677	3,325	4,241	4,835	4,883	5,230	30,923
Total	7,738	8,286	8,378	9,202	10,133	10,716	12,084	12,272	13,545	15,134	15,040	16,737	139,267
Block hrs @ 100%													
D328	4,487	4,033	3,090	2,891	2,491	1,749	1,144	563	54	0	0	0	20,508
CRJ200	4,560	5,473	6,894	8,208	9,490	10,156	11,132	11,354	12,625	14,108	14,141	16,416	124,556
CRJ701	824	821	1,135	1,185	1,478	2,282	3,525	4,497	5,791	6,622	6,798	7,462	42,420
Total	9,871	10,327	11,119	12,284	13,459	14,187	15,801	16,420	18,470	20,730	20,939	23,877	187,484
Block hrs @ compl factor													
D328	4,375	3,932	3,013	2,819	2,429	1,705	1,115	555	53	0	0	0	19,995
CRJ200	4,492	5,391	6,791	8,085	9,348	10,004	10,965	11,184	12,436	13,896	13,929	16,169	122,688

	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Total
CRJ701	812	809	1,118	1,167	1,456	2,248	3,472	4,429	5,704	6,523	6,696	7,350	41,784
Total	9,678	10,132	10,921	12,071	13,232	13,957	15,552	16,168	18,193	20,419	20,625	23,519	184,467
Block hour utilization													
D328	287.8	291.3	266.6	273.7	285.7	270.7	272.0	231.2	175.5	0	0	0	
CRJ200	270.6	269.5	279.4	291.9	291.2	281.0	289.3	276.8	285.2	283.6	267.9	294.0	
CRJ701	270.6	269.5	279.4	291.9	291.2	281.0	289.3	276.8	285.2	283.6	267.9	294.0	
ASM's (000's)													
D328	25,200	21,700	17,500	17,100	14,600	9,800	6,500	3,000	300	0	0	0	115,700
CRJ200	52,400	61,500	82,300	96,700	107,400	112,700	119,300	129,900	142,100	158,100	155,900	176,600	1,394,900
CRJ701	13,300	14,000	17,800	18,700	23,800	36,800	58,100	72,200	92,000	104,900	106,000	113,500	671,100
Total	90,900	97,200	117,600	132,500	145,800	159,300	183,900	205,100	234,400	263,000	261,900	290,100	2,181,700
Capacity revenue													
ASM's	305,700			437,600			623,400			815,000			
Costs	51,843			66,408			91,007			110,987			
Cost/ASM	0.1696			0.1518			0.1460			0.1362			
Number of seats													
CRJ200	50	50	50	50	50	50	50	50	50	50	50	50	
CRJ701	70	70	70	70	70	70	70	70	70	70	70	70	
Load factor - CRJ701													
	61.0%	63.0%	63.0%	62.0%	60.0%	57.0%	59.0%	59.0%	54.0%	46.0%	52.0%	58.0%	
Average stage length													
D328	210.0	202.5	212.5	225.6	226.9	209.4	213.8	168.4	145.6	0.0	0.0	0.0	151.2
CRJ200	309.5	286.3	330.3	323.8	305.7	298.3	282.2	309.3	307.3	307.0	307.0	307.0	306.1
CRJ701	310.0	310.0	310.0	310.0	310.0	310.0	310.0	310.0	310.0	310.0	310.0	310.0	310.0
Completion factor													
D328	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	
CRJ200	98.5%	98.5%	98.5%	98.5%	98.5%	98.5%	98.5%	98.5%	98.5%	98.5%	98.5%	98.5%	
CRJ701	98.5%	98.5%	98.5%	98.5%	98.5%	98.5%	98.5%	98.5%	98.5%	98.5%	98.5%	98.5%	
Total aircraft													
D328	16.2	14.5	12.3	10.6	8.5	6.3	4.1	2.4	0.3	0.0	0.0	0.0	75.2
CRJ200	17.6	21.0	25.3	28.7	33.1	37.5	40.8	43.4	46.6	52.0	55.0	58.0	459.0
CRJ701	3.0	3.0	4.0	4.0	5.0	8.0	12.0	16.0	20.0	23.0	25.0	25.0	148.0
Total	36.8	38.5	41.6	43.3	46.6	51.8	56.9	61.8	66.9	75.0	80.0	83.0	682.2
Scheduled aircraft													
D328	15.2	13.5	11.3	10.3	8.5	6.3	4.1	2.4	0.3	0.0	0.0	0.0	71.9
CRJ200	16.6	20.0	24.3	27.7	32.1	35.6	37.9	40.4	43.6	49.0	52.0	55.0	434.2
CRJ701	3.0	3.0	4.0	4.0	5.0	8.0	12.0	16.0	20.0	23.0	25.0	25.0	148.0
Total	34.8	36.5	39.6	42.0	45.6	49.9	54.0	58.8	63.9	72.0	77.0	80.0	654.1
Flights per sched aircraft													
CRJ200/CRJ701	206.9	218.0	208.1	218.9	222.3	215.5	226.5	211.0	215.3	213.4	198.3	212.4	

PSA Airlines, Inc.
Projected Expenses - CRJ701
April 2004 through March 2005

	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Total
Operating Expenses													
Personnel costs	254,585	243,822	318,871	338,042	403,901	615,869	947,194	1,209,518	1,513,753	1,723,040	1,766,903	1,911,908	11,247,406
Aviation fuel	332,416	346,918	441,635	464,622	589,697	914,900	1,442,284	1,791,678	2,284,672	2,612,367	2,681,975	2,943,651	16,846,814
Aircraft rent	426,000	426,000	568,000	568,000	710,000	1,136,000	1,704,000	2,272,000	2,840,000	3,266,000	3,550,000	3,550,000	21,016,000
Other rent	0	0	0	0	0	0	0	0	0	0	0	0	0
Landing fees	71,533	75,370	95,930	100,909	128,095	198,682	313,236	389,067	496,245	565,646	571,327	611,951	3,617,990
Aircraft maintenance	168,634	167,556	291,417	241,694	300,697	524,255	717,597	914,564	1,236,992	1,350,181	1,386,157	1,581,402	8,881,145
Depreciation & amortization	9,680	19,360	29,040	38,721	48,401	58,081	67,761	77,441	87,121	96,801	106,481	116,162	755,051
Passenger fees	304,526	328,107	416,126	434,011	526,080	764,106	1,328,360	1,637,555	1,865,107	1,810,990	2,067,769	2,470,350	13,953,088
Transport-related expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Other operating expenses	123,418	346,845	144,571	390,133	900,339	1,239,150	1,398,190	1,617,846	1,564,489	1,452,315	1,009,261	1,027,240	11,213,799
Total	1,690,791	1,953,979	2,305,590	2,576,131	3,607,210	5,451,044	7,918,621	9,909,669	11,888,379	12,877,339	13,139,874	14,212,664	87,531,291

Statistics													
ASM's (000's)	13,300	14,000	17,800	18,700	23,800	36,800	58,100	72,200	92,000	104,900	106,000	113,500	671,100
Passengers	26,106	28,409	36,158	37,431	45,983	67,756	110,570	137,337	160,325	155,673	177,746	212,352	1,195,847
Revenue block hours	812	809	1,118	1,167	1,456	2,248	3,472	4,429	5,704	6,523	6,696	7,350	41,784
Departures	611	644	820	862	1,095	1,698	2,677	3,325	4,241	4,835	4,883	5,230	30,923

Aircraft at month-end:

D328	16	15	12	11	9	6	4	2	0	0	0	0	
CRJ200	20	24	28	32	36	40	43	46	49	52	55	58	
CRJ701	3	3	4	4	5	8	12	16	20	23	25	25	
Total	39	42	44	47	50	54	59	64	69	75	80	83	

PSA Airlines, Inc.
Projected Expenses - CRJ200
April 2004 through March 2005

	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Total
Operating Expenses													
Personnel costs	1,258,949	1,446,466	1,712,517	2,066,021	2,277,010	2,402,263	2,627,355	2,684,839	2,890,687	3,205,929	3,209,173	3,665,241	29,446,452
Aviation fuel	1,346,383	1,708,310	1,981,709	2,376,570	2,796,368	3,007,215	3,364,646	3,341,580	3,678,841	4,110,864	4,120,490	4,783,433	36,616,408
Aircraft rent	2,116,280	2,525,462	3,058,301	3,471,852	4,014,503	4,554,466	4,972,333	5,292,200	5,690,293	6,390,777	6,765,777	7,140,777	55,993,023
Other rent	0	0	0	0	0	0	0	0	0	0	0	0	0
Landing fees	277,408	352,157	408,440	489,751	576,361	619,651	693,358	688,516	758,194	844,580	832,868	943,555	7,484,840
Aircraft maintenance	369,726	446,637	580,785	656,735	757,667	841,730	895,941	905,849	1,033,030	1,139,472	1,142,140	1,355,898	10,125,608
Depreciation & amortization													0
Passenger fees	1,209,644	1,562,002	1,808,556	2,129,576	2,420,511	2,450,739	2,997,021	2,954,536	2,931,234	2,755,854	3,072,114	3,881,978	30,173,765
Transport-related expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Other operating expenses	1,999,435	1,010,334	1,182,236	1,345,120	1,278,573	1,329,612	1,381,692	1,671,250	1,705,449	1,836,251	1,843,405	1,919,462	18,502,818
Total	8,577,824	9,051,367	10,732,544	12,535,626	14,120,994	15,205,675	16,932,345	17,538,771	18,687,730	20,283,726	20,985,967	23,690,345	188,342,913

Statistics													
ASM's (000's)	52,400	61,500	82,300	96,700	107,400	112,700	119,300	129,900	142,100	158,100	155,900	176,600	1,394,900
Passengers	103,700	135,244	157,150	183,664	211,568	217,315	249,465	247,789	251,970	236,894	264,080	333,696	2,592,536
Revenue block hours	4,492	5,391	6,791	8,085	9,348	10,004	10,965	11,184	12,436	13,896	13,929	16,169	122,688
Departures	3,383	4,295	4,981	5,973	7,029	7,557	8,456	8,397	9,246	10,300	10,157	11,507	91,279

Aircraft at month-end:

D328	16	15	12	11	9	6	4	2	0	0	0	0	
CRJ200	20	24	28	32	36	40	43	46	49	52	55	58	
CRJ701	3	3	4	4	5	8	12	16	20	23	25	25	
Total	39	42	44	47	50	54	59	64	69	75	80	83	

PSA Airlines, Inc.
Projected Expenses - D328
April 2004 through March 2005

	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Total
Operating Expenses													
Personnel costs	924,269	842,644	624,098	594,876	497,126	344,740	219,502	109,572	10,031	0	0	0	4,166,859
Aviation fuel	723,642	650,450	498,352	466,165	401,735	281,993	184,533	91,701	8,788	0	0	0	3,307,360
Aircraft rent	575,000	504,919	439,500	388,790	322,984	257,500	193,306	141,500	77,177	0	0	0	2,900,677
Other rent	0	0	0	0	0	0	0	0	0	0	0	0	0
Landing fees	190,944	170,706	131,423	120,732	102,483	74,538	48,532	28,045	2,934	0	0	0	870,337
Aircraft maintenance	887,294	812,763	716,508	569,207	450,154	486,394	406,247	110,116	99,310	0	0	0	4,537,992
Depreciation & amortization													0
Passenger fees	803,194	725,505	565,618	518,271	420,198	281,832	213,665	123,207	12,645	0	0	0	3,664,137
Transport-related expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Other operating expenses	478,910	346,895	269,907	254,882	213,991	150,586	97,480	66,375	7,244	0	0	0	1,886,268
Total	4,583,252	4,053,883	3,245,406	2,912,925	2,408,672	1,877,583	1,363,265	670,515	218,130	0	0	0	21,333,631

Statistics													
ASM's (000's)	25,200	21,700	17,500	17,100	14,600	9,800	6,500	3,000	300	0	0	0	115,700
Passengers	68,856	62,817	49,148	44,698	36,728	24,991	17,785	10,333	1,087	0	0	0	316,443
Revenue block hours	4,375	3,932	3,013	2,819	2,429	1,705	1,115	555	53	0	0	0	19,995
Departures	3,744	3,347	2,577	2,367	2,009	1,462	952	550	58	0	0	0	17,065

Aircraft at month-end:

D328	16	15	12	11	9	6	4	2	0	0	0	0	
CRJ200	20	24	28	32	36	40	43	46	49	52	55	58	
CRJ701	3	3	4	4	5	8	12	16	20	23	25	25	
Total	39	42	44	47	50	54	59	64	69	75	80	83	

PSA Airlines, Inc.

Projected Expenses - Non-equipment specific

April 2004 through March 2005

	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Total
Operating Expenses													
Personnel costs	1,146,070	1,192,172	1,146,070	1,202,930	1,197,217	1,176,422	1,238,004	1,205,811	1,260,910	1,221,000	1,221,000	1,221,000	14,428,607
Aviation fuel													0
Aircraft rent													0
Other rent	26,846	28,846	29,246	28,846	32,211	32,611	32,211	32,211	32,611	32,211	32,211	32,611	372,672
Landing fees													0
Aircraft maintenance													0
Depreciation & amortization	119,809	121,239	122,668	124,098	125,527	126,957	128,386	129,816	131,245	132,000	133,000	134,000	1,528,743
Passenger fees													0
Transport-related expense	2,455,372	2,547,180	2,446,185	2,554,726	2,500,625	2,506,098	2,549,293	2,570,276	2,579,263	2,550,000	2,575,000	2,600,000	30,434,017
Other operating expenses	577,927	564,200	556,304	587,859	566,069	566,126	587,565	564,654	573,637	575,000	575,000	575,000	6,869,340
Total	4,326,023	4,453,636	4,300,473	4,498,459	4,421,649	4,408,214	4,535,459	4,502,768	4,577,666	4,510,211	4,536,211	4,562,611	53,633,379

PSA Airlines, Inc.
Projected Balance Sheet
March 31, 2005

	March 31, 2005
ASSETS	
Current Assets	
Cash	\$ 237
Accounts receivable	421
Receivables from affiliated companies	36,618
Materials and supplies	3,828
Prepaid expenses and other assets	339
Total Current Assets	<u>41,443</u>
Property and Equipment	
Flight equipment	42,394
Ground property and equipment	3,934
Less accumulated depreciation and amortization	<u>(2,637)</u>
Total Property and Equipment	<u>43,691</u>
Other Assets	
Other intangibles, net	11,542
Other assets	<u>575</u>
Total Other Assets	<u>12,117</u>
	<u><u>\$ 97,251</u></u>
LIABILITIES & STOCKHOLDER'S DEFICIT	
Current Liabilities	
Accounts payable	\$ 9,478
Payables to affiliated companies	8,004
Accrued income taxes payable to US Airways Group	(61)
Accrued aircraft rent	10,800
Accrued wages and vacation	3,399
Accrued expenses and other liabilities	<u>4,552</u>
Total Current Liabilities	<u>36,172</u>
Debt due to US Airways Group	40,200
Deferred manufacturers' credits	25,523
Deferred taxes	-
Total Liabilities	<u>101,895</u>
Commitments and Contingencies	
Stockholder's Deficit	
Common stock, par value \$1 per share, authorized 100 shares, issued and outstanding 10 shares	-
Paid-in capital	(1,144)
Accumulated deficit	<u>(3,500)</u>
Total Stockholder's Deficit	<u>(4,644)</u>
	<u><u>\$ 97,251</u></u>

PSA AIRLINES, INC.

Summary of Startup Expense and Financing

PSA AIRLINES, INC.
Narrative to Summary of Pre-Operating Expenses
and Financial Fitness Test

Pre-Operating Expenses

The attached financial projections estimate the "startup costs" of bringing the 70-seat CRJ-701s into PSA's fleet and undertaking all necessary preparations prior to actually putting them into revenue service. These include the costs of paying additional pilots during their training on the aircraft, proving runs, and aircraft rent. The pre-operating period is estimated to be January through March 2004; the aircraft are due to begin revenue service about April 1, 2004.

Page 1 summarizes the different categories of costs, and pages 2 and 3 break out the elements in each of these categories. The statistical assumptions for these projections are also laid out.

By way of explanation, the "personnel costs" item under "Operating Expenses" accounts for salaries and benefits paid to pilots and flight attendants undergoing training. The carrier has made a worst-case estimate, assuming that all new hires will have to undergo the full course of initial training. In fact, this will not be the case with a number of the crew. "Other operating expenses" consists of training by Bombardier. "IP spares" consists of "initial provisioning," i.e. pre-operating purchases of spare parts and rotables.

Financial Fitness Test

The total for pre-operating expenses is estimated to be \$7.3 million. The total operating expenses associated with the CRJ-701 are estimated to be \$87.5 million, so that three months' average costs are \$21.9 million. The total financial fitness benchmark thus is \$29.2 million.

PSA would easily be able to fund the pre-operating expenses out of its own assets; the carrier's September 30 working capital (current assets over current liabilities) stood at over \$8 million. The carrier expects, however, that these expenses will be reimbursed by its parent, US Airways Group, which currently has cash on hand of \$1.4 billion. Moreover, the Group stands behind the increased operating expenses of PSA's CRJ-700s, and will adjust its payments to PSA in accordance with the increased operating expenses. Thus, the carrier has access to more than adequate capital to fund its pre-operating and three-month operating expenses.

PSA Airlines, Inc.

Projected Pre-operational & Start-up Expenses - CRJ701
January 2004 through March 2004

	Jan-04	Feb-04	Mar-04	Total
Operating Expenses				
Personnel costs	91,239	129,956	173,842	395,037
Aviation fuel	0	20,900	20,900	41,800
Aircraft rent	0	142,000	142,000	284,000
Landing fees	0	4,680	4,680	9,360
Aircraft maintenance	0	10,000	10,000	20,000
Depreciation & amortization	0	0	21,717	21,717
Other operating expenses	245,488	257,642	265,617	768,747
Total	336,727	565,178	638,756	1,540,661

Other Expenditures

IP spares - expendables		750,000	750,000	1,500,000
IP spares - rotables		2,000,000	2,000,000	4,000,000
Tooling & equipment		100,000	100,000	200,000
GSE		50,000	50,000	100,000
Total	0	2,900,000	2,900,000	5,800,000

	Jan-04	Feb-04	Mar-04	Total
Personnel Costs				
Pilots in training	27,475	27,475	27,475	82,426
Pilots	0	27,475	54,950	82,426
FA's in training	0	4,234	8,467	12,701
FA's	0	0	4,234	4,234
Maintenance	47,250	47,250	47,250	141,750
Subtotal	74,725	106,434	142,376	323,536
Benefits @ 22.1%	16,514	23,522	31,465	71,501
Total	91,239	129,956	173,842	395,037
Pilots in training	8	8	8	
Training hrs/month	72	72	72	
Hourly pay rate	47.70	47.70	47.70	
FA's in training	0	4	8	
Training hrs/month	72	72	72	
Hourly pay rate	14.70	14.70	14.70	
Maintenance	18	18	18	
Hours/month	175	175	175	
Hourly rate	15.00	15.00	15.00	
Fuel				
CRJ701	0	20,900	20,900	41,800
Total	0	20,900	20,900	41,800
Gallons/hour at cruise per BBD	440	440	440	
Fuel price per gallon	0.95	0.95	0.95	
Aircraft Rent				
CRJ701	0	142,000	142,000	284,000
Total	0	142,000	142,000	284,000
Monthly rent	142,000	142,000	142,000	
Landing fees				
CRJ701 (MGLW 67,000)	0	4,680	4,680	9,360
Total	0	4,680	4,680	9,360
Fee per landing	117	117	117	
Aircraft Maintenance				
CRJ701-related	0	10,000	10,000	20,000
Total	0	10,000	10,000	20,000
CRJ701 MX/BH	200.00	200.00	200.00	
Depreciation & amortization				
CRJ701-related	0	0	21,717	21,717
Total	0	0	21,717	21,717

	Jan-04	Feb-04	Mar-04	Total
Other expenses				
Training per diem-pilots	8,688	8,688	8,688	26,064
Training per diem-FA's	0	3,494	6,989	10,483
Training hotel-pilots	13,200	13,200	13,200	39,600
Training hotel-FA's	0	4,480	8,960	13,440
Into plane	0	1,980	1,980	3,960
Aircraft insurance	0	2,200	2,200	4,400
BBD training cost	223,600	223,600	223,600	670,800
Other	0	0	0	0
Original budget	245,488	257,642	265,617	768,747

Training days-pilots	30	30	30
Hotel rate-pilots	55	55	55
Training days-FA's	28	28	28
Hotel rate-FA's	40	40	40

STATISTICS

Training Flights

CRJ701	0	40	40	80
Total	0	40	40	80

Training Block Hrs

CRJ701	0	50	50	100
Total	0	50	50	100

Total aircraft

CRJ701	0.0	1.0	1.0	2.0
Total	0.0	1.0	1.0	2.0

Scheduled aircraft

CRJ701	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

PSA AIRLINES, INC.

Warsaw Waiver Agreement



Docket OST 95-236
U.S. Department of Transportation
Office of the Secretary of Transportation

AGREEMENT

The undersigned carriers (hereinafter referred to as "the Carriers") hereby agree as follows:

1. Each of the Carriers shall, effective May 16, 1966, include the following in its conditions of carriage, including tariffs embodying conditions of carriage filed by it with any government:

"The Carrier shall avail itself of the limitation of liability provided in the Convention for the Unification of Certain Rules Relating to International Carriage by Air signed at Warsaw October 12th, 1929, or provided in the said Convention as amended by the Protocol signed at The Hague September 28th, 1955. However, in accordance with Article 22(1) of said Convention, or said Convention as amended by said Protocol, the Carrier agrees that, as to all international transportation by the Carrier as defined in the said Convention or said Convention as amended by said Protocol, which, according to the contract of Carriage, includes a point in the United States of America as a point of origin, point of destination, or agreed stopping place

- (1) The limit of liability for each passenger for death, wounding, or other bodily injury shall be the sum of US \$75,000 inclusive of legal fees and costs, except that, in case of a claim brought in a State where provision is made for separate award of legal fees and costs, the limit shall be the sum of US \$58,000 exclusive of legal fees and costs.
- (2) The Carrier shall not, with respect to any claim arising out of the death, wounding, or other bodily injury of a passenger, avail itself of any defense under Article 20(1) of said Convention or said Convention as amended by said Protocol.

Nothing herein shall be deemed to affect the rights and liabilities of the Carrier with regard to any claim brought by, on behalf of, or in respect of any person who has willfully caused damage which resulted in death, wounding, or other bodily injury of a passenger."

2. Each Carrier shall, at the time of delivery of the ticket, furnish to each passenger whose transportation is governed by the Convention, or the Convention as amended by the Hague Protocol, and by the special contract described in paragraph 1, the following notice, which shall be printed in type at least as large as 10 point modern type and in ink contrasting with the stock on (i) each ticket; (ii) a piece of paper either placed in the ticket envelope with the ticket or attached to the ticket; or (iii) on the ticket envelope:

"ADVICE TO INTERNATIONAL PASSENGER ON LIMITATION OF LIABILITY

Passengers on a journey involving an ultimate destination or a stop in a country other than the country of origin are advised that the provisions of a treaty known as the Warsaw Convention may be applicable to the entire journey, including any portion entirely within the country of origin or destination. For such passengers on a journey to, from, or with an agreed stopping place in the United States of America, the Convention and special contracts of carriage embodied in applicable tariffs provide that the liability of

[certain] carriers parties to such special contracts for death of or personal injury to passengers is limited in most cases to proven damages not to exceed US \$75,000 per passenger, and that this liability up to such limit shall not depend on negligence on the part of the carrier. For such passengers traveling by a carrier not a party to such special contracts or on a journey not to, from, or having an agreed stopping place in the United States of America, liability of the carrier for death or personal injury to passengers is limited in most cases to approximately US \$10,000 or US \$20,000.

The names of Carriers parties to such special contracts are available at all ticket offices of such carriers and may be examined on request.

Additional protection can usually be obtained by purchasing insurance from a private company. Such insurance is not affected by any limitation of the carrier's liability under the Warsaw Convention or such special contracts of carriage. For further information please consult your airline or insurance company representative."

3. [This Agreement was filed with the Civil Aeronautics Board of the United States. The Board approved it by Order E-23680, adopted May 13, 1966. The Agreement (Agreement 18900) became effective May 16, 1966. On January 1, 1985, this Agreement became the responsibility of the Department of Transportation (DOT) by operation of law.]

4. This Agreement may be signed in any number of counterparts, all of which shall constitute one Agreement. Any Carrier may become a party to this Agreement by signing a counterpart hereof and depositing it with DOT.

5. Any Carrier party hereto may withdraw from this Agreement by giving twelve (12) months' written notice of withdrawal to DOT and the other Carriers parties to the Agreement.

(Signature and Date)

(Printed Name and Title)

(Name and Address of Carrier)

Richard E. Pfennig
President/CEO

PSA Airlines, Inc.
3400 Terminal Drive
Vandalia, OH 45377

*Either alternative may be used.

EXHIBIT PSA-18

**US AIRWAYS
FAMILY ASSISTANCE PLAN**

(Note: This plan applies to all of US Airways subsidiary and contract Express carriers, including PSA. It is already on file with the NTSB and in Docket OST-96-1960.)

US Airways

Family Assistance Plan

In accordance with the Aviation Disaster Family Assistance Act of 1996, the following Express carriers utilize US Airways' Plan in providing family assistance:

**Piedmont Airlines
Allegheny Airlines
PSA
Air Midwest
CCAIR
Chautauqua Airlines
CommutAir
Mesa Airlines
Colgan Air
TranStates Airlines
Potomac Air**

Revised August 31, 2000 in accordance with the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century

US Airways Family Assistance Plan

INTRODUCTION

US Airways (the Carrier) maintains a comprehensive emergency response plan which includes specific provisions for family assistance in the event of an aviation disaster involving an aircraft operated by the Carrier. Specifications for enactment and implementation of the Carrier's plans and its policies and procedures are contained within the Carrier's Corporate emergency response manual and/or within applicable departmental appendices. As such, the Carrier's Family Assistance Plan meets and exceeds the minimum provisions of the Aviation Disaster Family Assistance Act of 1996.

The Carrier's emergency response plan is carefully designed so that specific management can be devoted to the crisis while sustaining the airline in its continued safe operation.

The Carrier's Corporate priorities are as follows:

- Support search, rescue and care of surviving victims
- Support search, recovery and care of fatal victim remains
- Support care and assistance to families of all victims
- Support preservation and collection of evidence for ensuring investigations

PROVISION OF FAMILY ASSISTANCE

The Carrier provides family assistance without regard to an individual's status as a revenue customer, non-revenue passenger or crew member.

If assistance is to be provided to United States citizens within the United States with respect to an aircraft accident outside the United States involving major loss of life, the Carrier will consult with the NTSB, the DOT, and the Department of State on the provision of the assistance.

ASSOCIATION WITH DESIGNATED ORGANIZATIONS

The Carrier will establish a liaison with any organization(s) designated under section 1136(a)(2) of Title VII, Section 703 of the Federal Aviation Reauthorization Act of 1996, and will make that organization known to families of passengers so as to ensure that they will receive an appropriate level of services and assistance following any accident.

DESIGNATED ORGANIZATION COMPENSATION

The Carrier will provide reasonable compensation to any organization designated under section 1136(a)(2) of Title VII, Section 703 of the Federal Aviation Reauthorization Act of 1996, for services provided by the organization. The Organization shall submit to the Carrier a summary of response intentions including planned activity and anticipated expenses for approval prior to the designated organization's mobilization.

The designated organization will consult with the Carrier as costs are incurred. Changes to the submitted plan or unanticipated expenses shall be coordinated with the Carrier's Family Support Center.

The Carrier will be provided an itemized listing of services and expenses to accompany the organization's invoice.

FAMILY SUPPORT CENTER (FSC)

The Carrier will provide adequate training to the employees and agents of the Carrier to meet the needs of survivors and family members following an accident.

The Carrier's Emergency Response Plan involves coordinated interfacing between numerous departments within the framework of the Corporation. The family assistance team, comprised of employees from the Family Support Center, the Carrier's Special Assistance Team (SAT) and Reservations employees trained in family assistance, is the primary facet of the plan designed specifically to manage the needs of the families.

Personnel within the Carriers Family Support Center assume the role of primary liaison between the Carrier and the families affected by the mishap, and facilitates the tasks required of the family through the duration of the crisis.

The Carrier holds annual sessions for new volunteers as well as recurrent training for all employees identified as possible family assistance team members. The Carrier also conducts periodic emergency exercises for more comprehensive response preparedness all aimed at providing the best possible assistance to passengers and/or families during the stressful periods which follow an aviation disaster. Training topics include:

- understanding of Family Support Center and the importance of family assistance in the event of an accident or disaster
- elements and stages of aviation disasters
- crisis management and communications skills
- notification of next-of-kin and initial contact process
- effective communication with highly emotional people
- grief process
- support and logistics
- media and attorney relations
- provisions and considerations for one's own well-being

Specific FSC representatives are dedicated to each family. Special Assistance Team members are available to travel to the family's location to provide personal assistance and logistical support. FSC employees will coordinate assistance from the government-designated organization responsible for family members.

FAMILY INQUIRIES

In the event of an accident, the Carrier will publish a toll-free reservations telephone number for accident-related calls. The toll free number will be published immediately following receipt by the Operations Control Center (OCC) of substantiated information indicating that an aircraft operated by the Carrier has been involved in an event and that there are serious injuries and/or fatalities. The telephone number will be staffed by trained Reservations Agents.

The Reservations Agents will answer questions and provide information authorized for release by the Carrier's Corporate Communications Department. Upon request of the family of a passenger, the Carrier will inform the family whether the passenger's name appears on the preliminary (not verified) passenger manifest for the flight involved in the accident. As the passenger list is verified, calls from the families will be transferred to the Family Support Center.

The Family Support Center will maintain an additional, separate toll free "800" telephone number for use by immediate family members for direct contact with the Family Support Group. The telephone number will be provided to the families or survivors upon initial contact by the FSC.

NEXT-OF-KIN NOTIFICATION

Following notification of an aircraft accident the Operations Control Center will lock out the flight records to restrict unauthorized access.

The preliminary passenger list will be transmitted to the Passenger Information Center after the flight is identified by the Carrier's Operations Control Center. The Passenger Information Center will begin the process of verifying the list of passengers using information available in the Reservation system's passenger name records (PNR's), from the coupons collected in the departure city and from direct contact with the Carrier's agents who processed passengers boarding the flight.

Once the list is verified, the Passenger Information Center will distribute the list to designated groups within the company so that the next-of-kin notification process can proceed. Information gathered from the sources mentioned above will be used to begin this notification process.

During the short period before the verified passenger name list becomes available, upon request of a family of a passenger, the Carrier will inform the family whether the passenger's name appears on the preliminary (not verified) passenger manifest for the flight involved in the accident.

Once the verified passenger name list is available, callers who inquire about a name appearing on the verified list will be connected to the Family Support Center and will speak with a trained employee to get information about the incident and to establish a dialogue between the family and the Carrier.

COMMITTMENT TO PROVIDING PROMPT NOTIFICATION

The Family Support Center is committed to providing the most timely notification to passengers' next-of-kin and to complete that process as soon as is logistically possible. A standard of methodical policies and procedures has been established to ensure that identification and notification of next-of-kin is completed as soon as information is available, whether or not the names of all passengers have been confirmed.

While the Family Support Center mobilizes immediately, and operates throughout the crisis, identifying and contacting some passengers' next-of-kin may be delayed depending on the accuracy of information available.

RELEASING PASSENGER NAMES

The Carrier will not release a passenger's name publicly until after the FSC verifies the next-of-kin have been notified. If the next-of-kin requests that the passenger's name not be made public, the Carrier will, so far as possible, honor the request. The Carrier's Public and Community Relations Department shall provide updated information through periodic press releases when information is made available.

PROVISIONS OF THE PASSENGER LIST

The Carrier will provide, immediately upon request from the NTSB, a name list of passengers onboard the aircraft (based on the best information available at the time of the request). The Carrier will send this information to the NTSB Director of Family Support Center designated for the accident in accordance with section 1136(a)(2) of Title VII, Section 703 of the Federal Aviation Reauthorization Act of 1996, and will periodically update the list. The Carrier will transmit a list of the names of known foreign nationals to the Department of State to facilitate interaction with appropriate foreign government embassies.

FAMILY TRAVEL TO THE ACCIDENT SITE

The Carrier will provide for the families' reasonable accommodations and transportation for those who desire to travel to the accident site and will provide a contact person to work with the family members as they arrive. Upon request, the Carrier will work with the responsible authorities to arrange family visits to the accident site, however, it is possible that access to the site may be limited by terrain, biohazard and/or hazardous materials concerns, security measures, or other unforeseen conditions.

The Carrier also will maintain daily contact with families who elect not to travel to the accident site and will assist those families until no longer appropriate.

FAMILY ASSISTANCE AT THAT SITE

The Carrier, to the extent possible, will secure suitable facilities at or near the accident site, as well as at the departure, arrival and/or connecting airports, to isolate families from intrusions by the media and by unwelcome solicitors and will coordinate family access to briefings held by government agencies. In addition, the Carrier will make provisions for a joint support operations center to include space, communications, and logistical support for families as well as for any assisting federal staff.

The Carrier will assist family members as they depart the accident site and maintain contact until no longer appropriate.

DISPOSITION OF REMAINS AND PERSONAL EFFECTS

Recovery, identification, and disposition of identifiable and unidentifiable remains is the responsibility of the local medical examiner, coroner, or other designated authority. The Carrier will comply with decisions made by the responsible authority and will, to the extent possible, honor the next-of-kin's wishes as to arrangements desired for remains identified as those of the passenger.

The Carrier may retain contract services who have expertise in the cleaning and restoration of personal effects. For personal effects within the control of the Carrier that are identified as belonging to a passenger, the Carrier or a representative of its contractor will describe to the next-of-kin the possession and its condition and will consult with the next-of-kin as to the return or the disposition of these items.

Unclaimed personal effects that remain within the Carrier's control will be retained for a period of at least 18 months either by the Carrier or by the contracted vendor.

MONUMENTS

The Carrier will work in conjunction with an authorized agency, and with the family of each passenger, about construction by the Carrier of any monument to the passengers, including any inscription that may be included on the monument.

Should a monument be constructed, the Carrier will consult with and consider all feedback from families, along with the statutory and/or regulatory requirements or considerations of the place of construction. While it is preferable to have every family agree with the specific design, it may not be possible to obtain full consensus. To avoid lengthy delays, The Carrier will establish a plan agreeable to the majority of the families.

The option of including or not including passenger's names will also be given to each family should inscriptions be planned for the agreed design. Once construction is completed, an invitation to visit the monument will be extended to each family.

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PSA AIRLINES, INC.

Certification

CERTIFICATION

Pursuant to Title 18 United States Code section 1001, I, Richard Pfennig , in my individual capacity and as the authorized representative of the applicant, have not in any manner knowingly and willfully falsified, concealed or covered up any material fact or made any false, fictitious, or fraudulent statement or knowingly used any documents which contain such statements in connection with the preparation, filing or prosecution of the application. I understand that an individual who is found to have violated the provisions of 18 U.S.C. section 1001 shall be fined not more than \$10,000 or imprisoned not more than five years, or both.

A handwritten signature in black ink, appearing to read 'Richard Pfennig', written over a horizontal line.

Richard Pfennig
President & CEO
PSA Airlines, Inc.

Dec. 5, 2003
Date

CERTIFICATE OF SERVICE

I hereby certify that I have on this 24th day of December, 2003 caused a Notification of the filing of the foregoing Application of PSA Airlines, Inc. d/b/a US Airways Express to be served on all persons listed below by first class mail or via electronic mail.


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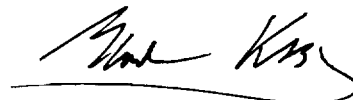
**BEFORE THE
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

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Application of)	
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PSA AIRLINES, INC., d/b/a)	Docket OST-2003-
US AIRWAYS EXPRESS)	
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for a certificate of public convenience)	
and necessity pursuant to 49 U.S.C. § 41102)	
(interstate scheduled air transportation))	
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US AIRWAYS EXPRESS)	
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and necessity pursuant to 49 U.S.C. § 41102)	
(interstate scheduled air transportation))	
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NOTIFICATION OF FILING

Notice is hereby provided pursuant to 14 CFR § 302.203(a) that the above-referenced applications for certificate authority for interstate and foreign combination air transportation has been filed on this date. Any person may answer these applications by filing an answer in the appropriate docket. Answers are due not later than January 14, 2004.

Any person wishing to have a copy of either application should contact undersigned counsel.



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December 24, 2003

Counsel for PSA Airlines, Inc.